103

MASS TRANSIT SUBSIDY PROGRAM AVAILABLE TO FEDERAL EMPLOYEES

Y 4. P84/10: 103-22

HEARINGS

BEFORE THE

SUBCOMMITTEE ON
COMPENSATION AND EMPLOYEE BENEFITS

OF THE

COMMITTEE ON
POST OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

SEPTEMBER 23 and 30, 1993

Serial No. 103-22

Printed for the use of the Committee on Post Office and Civil Service

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MASS TRANSIT SUBSIDY PROGRAM AVAILABLE TO FEDERAL EMPLOYEES

THURSDAY, SEPTEMBER 23, 1993

HOUSE OF REPRESENTATIVES,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS,
Washington, DC.

The subcommittee met, pursuant to call, at 10 a.m., in room 311, Cannon House Office Building, Hon. Eleanor Holmes Norton (chair of the subcommittee) presiding.

Members present: Representatives Norton, Morella, and Byrne.

Ms. NORTON. The hearing will convene. Today the subcommittee holds the first of two hearings on the mass transit subsidy program available to Federal employees. Under current law, Federal agencies are permitted to provide an employee with up to $60 per month to subsidize use of mass transportation. This authorization is set to expire on December 31, 1993.

The purpose of this legislation is to encourage Federal employees to use public transportation, and to thereby protect the environment by reducing the use of single-occupancy vehicles. In addition, under the Clean Air Act Amendments of 1990, eight of the Nation's largest cities are required to implement trip reduction plans by November 1994. The transit program is one of the ways in which these and other cities may satisfy the Clean Air Act requirements.

On September 2, 1993, the General Accounting Office issued a report on the results of its study of the Mass Transit Subsidy Program. The report not only evaluates the transit subsidy program, but also makes recommendations to Congress and agencies regarding the implementation and administration of the program. In addition, yesterday, the Department of Transportation submitted proposed legislation to Congress to reauthorize the program, to limit and target the cities in which the subsidies may be offered and to allow Federal agencies to retain revenue from parking in order to fund the program.

There is a great deal of interest in this program. The subcommittee has received letters in support of the program from the Commonwealth of Virginia, Office of the Governor; regional offices of several executive agencies; environmental and urban planning organizations; and transit organizations.

Appearing before the subcommittee this morning are Louise Frankel Stoll, Assistant Secretary of Budget and Programs for the Department of Transportation; and Kenneth Mead, Director of Transportation Issues at the General Accounting Office.

At our second hearing, which is scheduled for September 30, at 10 a.m., we will hear from representatives of Federal employee organizations and environmental and mass transit organizations.

I would like to welcome today's witnesses, and look forward to hearing your testimony. And I'd like to hear now from the ranking member, Mrs. Morella.

Mrs. MORELLA. Thank you, Madam Chair.

I think our people who are going to testify can certainly see, verify the fact that we started punctually this hearing.

I appreciate the opportunity to say just a few words about mass transit and subsidies for the Federal employees who use mass transit. And I might ask, Madam Chair, if the totality of my remarks be included in the record, since I will give a quick synopsis.

Ms. NORTON. Without objection.

Mrs. MORELLA. Currently I'm in favor of both the subsidies for Federal employees who use mass transit and mass transit. I've worked through the years both in State government and during my tenure in Congress to see that our metrorail system receives adequate funding in order to complete the proposed 103-mile transit system by the year 2001, and I note that in the audience we do have representatives of mass transit who are here to verify that.

We have certainly seen reports of how the increased use of a mass transit system can make and has made a positive impact to clean the environment by reducing individual vehicle use on roads and highways, and thus helping to improve the ozone layer.

Our Federal 3-year-old Transit Benefit Program is due to expire by the end of this year. And I am hopeful that we will be successful in passing legislation which will enable and encourage Federal employees to use mass transit.

The bill which the administration has sent for consideration is different from the existing law. It would permit agencies to grant mass transit benefits subsidies to Federal employees who work in nonattainment areas where the national ambient air quality standards are not met, the rationale being that areas which are experiencing air quality difficulties would receive these additional funds to help them conform to nationally mandated standards.

As you will probably note in your testimonies, too, the private sector we know has used the transit subsidy for a number of years with great success. And in the district that I represent, Montgomery County, MD, the private sector and the public sector have encouraged the employers to grant transit subsidies. The public sector has encouraged them. And about 150 private companies in the county distribute discounted transit passes or other assistance to encourage their employees to ride public transit. I certainly endorse what they have been doing and endorse similar plans.

So, Madam Chair, I look forward to the discussion by these witnesses at this first of two hearings on this important subject.

Thank you.

[The prepared statement of Hon. Constance A. Morella follows:]

PREPARED STATEMENT OF HON. CONSTANCE A. MORELLA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Madam Chair, I appreciate the opportunity to say a few words about mass transit and subsidies for federal employees who use mass transit.

Concisely, I'm in favor of both.

I have worked over the years, both in state government and during my tenure in Congress to see that our metrorail system receives adequate funding in order to complete the proposed 103 mile transit system by the year 2001. Other jurisdictions, as well, have taken great pains to improve or to put in place mass transit systems.

We have seen reports of how the increased use of a mass transit system can make a positive impact to clean the environment by reducing individual vehicle use on roads and highways and thus helping to improve the ozone layer. The Clear Air Act requires our region to meet federal ozone standard by 1999. I am confident that greater use of mass transit in our country will help us attain our goals. The use of mass transit will also help our country to conserve energy.

Our federal three year old transit benefit program is due to expire at the end of this year. I am hopeful that we will be successful in passing legislation which will enable and encourage federal employees to use mass transit. The bill which the Administration has sent for consideration is different from the existing law. It would permit agencies to grant mass transit benefit subsidies to federal employees who work in "nonattainment" areas where the national ambient air quality standards are not met. The rationale being that areas which are experiencing air quality difficulties would receive these additional funds to help them conform to nationally mandated standards.

The private sector has used the transit subsidy for a number of years with great success. In fact, Montgomery County—where the 8th District of Maryland which I represent is located—has encouraged private employers to grant transit subsidies. About 150 private companies in the county distribute discounted transit passes or other assistance to encourage their employees to ride public transit. I fully endorse this and similar plans.

Madam Chair, I look forward to hearing and reading testimony presented today and a tour next hearing.

Ms. NORTON. Thank you, Mrs. Morella.

We will go straight away then to today's witnesses; Ms. Stoll, Mr. Mead.

STATEMENT OF LOUISE STOLL, ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS, DEPARTMENT OF TRANSPORTATION

Ms. STOLL. Thank you. Good morning. I am Louise Stoll, Madam Chairwoman, and to my right is George McDonald, who is the Director of Programs and Evaluations for the Department of Transportation. And at the end of the table John Spencer, Deputy Associate Administrator for Budget and Policy at the FDA.

Madam Chairwoman and members of the committee. My name is Louise Frankel Stoll and I am the Assistant Secretary for Budget and Programs in the Department of Transportation. I welcome this opportunity to discuss with you the administration's support for the continuation of the existing transit benefit program for Federal employees. We believe continuation of the program is justified for two reasons: First, it helps reduce highway congestion and improve air quality, and second, it provides equity for Federal employees who commute by transit.

I have an opening statement after which I would be happy to answer any questions. I believe that Mr. Mead will speak directly after I do and then questions can be fielded by the both of us.

Madam Chairwoman, in the realm of urban and suburban transportation, we, as a nation, are now asking questions about assumptions that previously have gone unchallenged. We're questioning the impacts of public policy objectives, the relationship of transportation policy and clean air policy, and how the marketplace impacts behavior with respect to the patterns of automobile and public transportation use in our country.

Against this background, we examine today the issues of employer subsidized commuting, existing tax policy, and the continuation of the transit benefit program for Federal employees.

As you know, the private sector has for many years had the ability to offer their employees a limited amount of tax-free transit benefits, and tax benefits have long been available to both the public and the private sector employers who provided subsidized parking for their employees. In 1991, a provision was added to the Treasury, Postal Service, and General Government Appropriations Act of 1991 giving the Federal agencies temporary authority to participate in State or local programs that encouraged employees to use bus, rail or similar public transportation to commute to and from work. Employees are given transit benefits in the form of fare media or cash reimbursement.

The monthly tax-free benefit was a maximum of $21 per month per employee. Last year, however, in the comprehensive Energy Policy Act of 1992, the maximum amount of tax-free benefit was raised to $60 per month.

The Department of Transportation was the first Federal department to fully implement the transit benefit program in January of 1992, and since January of 1993, the Department of Transportation has offered up to the full $60 tax-free benefit depending on actual commuting costs of each employee.

The results of the 3-year program have been gratifying. Currently, 88 Federal agencies and 24,000 Federal employees in the Washington DC area alone participate in the transit benefit program. At DOT headquarters, over 4800 employees are enrolled in the program, which is 46 percent of the eligible workforce. The increase in the transit benefit, when it went up from $21 to $60, resulted in a 22-percent increase in the participation level in headquarters in the first 3 months alone. The new benefit level also brought an increase of 123 percent in those who turned in their parking passes. As of the end of August 1993, 174 Government-subsidized parking passes have been turned in and more than 1,000 DOT employees have left either their single occupancy vehicles, carpools, or vanpools.

Madam Chairwoman, let me briefly address the recent GAO report on the issue of Federal participation in transit benefit programs. Mr. Mead will answer detailed questions with respect to his report, but I'd like to summarize some of the highlights.

The report discusses the results of that survey conducted in October, 1992, when the maximum monthly payment was $21. The report finds that about 2100 Federal employees, 60 percent of those participants who changed their travel mode, previously had commuted by driving alone. Additionally, GAO found that 1 in 3 eligible employees were receiving transit benefits, and that this could increase to nearly 1 in 2 if the agencies provided up to the full $60 per month benefit.

Our own experience, as I have said, in DOT is that currently 46 percent of DOT's eligible employees participate in the program with up to $60 a month in transit benefits. The GAO report and DOT's experience clearly indicates that the program can both influence modal choice and remove single occupant vehicles from our already congested roads and highways.

Secretary Peña has stated that "the transportation issues we will face together in the months and years ahead are key to—the daily quality of life of our citizens." As public transit removes people from automobiles, it also minimizes urban congestion and reduces fuel use and pollution. Parking provided at the workplace at little or no charge to the employees amounts to an enormous subsidy, and therefore is an incentive for solo commuters. And most Federal agencies now do provide this subsidy. According to the survey conducted by the General Accounting Office, of those Federal employees who do not participate in the transit benefits programs, 71 percent of them receive parking free of charge from their agencies. Prevailing market rates in Washington, DC, were between $66 and $166 per vehicle per month. A $60 tax-free benefit allowed for commuting by public transit is modest in comparison to the tax-free benefit of up to $155 a month allowed for parking under the current law.

Madam Chairwoman, as you know, the existing 3-year transit benefit program expires the end of December, 1993. We support its continuation as a tool for reducing highway congestion and improving air quality in our polluted cities and suburbs and for improving equity among Federal employees. The administration has sent to Congress a bill to make the program permanent for Federal employees. I would like to briefly describe its provisions, since it differs somewhat in its application and funding mechanism from the existing legislation.

Our proposed legislation would continue authority for Federal agencies to provide tax-free transit benefits either as fare media or cash to subsidize the commuting costs for Federal employees who use public transit. Under current law, those tax-free benefits now can be as much as $60 a month and that cap will rise with inflation. However, in order to target Federal funds to where they are most needed to achieve the goals of improving air quality and relieving congestion, this bill would restrict participation in the program to those Federal employees working in areas that do not meet the national ambient air quality standards established under the Clean Air Act, as amended, for ozone, carbon monoxide or particulate matter. It would also apply to areas that were formally in non-attainment for ozone, carbon monoxide or particulate matter but have since been redesignated as attainment areas. And finally, it would apply to areas at risk for becoming non-attainment areas for ozone, carbon monoxide and particulate matter in the future.

The benefit program would only be allowed in areas with particulate matter problems if mobile sources are a contributor to those problems. Areas experiencing air quality problems are closely correlated with areas experiencing traffic congestion. These areas represent the major urbanized areas in our country, all of which are served by comprehensive public transit systems.

In the Clean Air Act Amendments of 1990, Congress imposed stringent requirements on States and metropolitan areas to reduce their emissions and come into compliance within fixed, tight time frames. Many areas are going to find it difficult to meet these requirements, particularly when automobile travel, and its resulting emissions, continue to grow at about 2+ percent a year, or more. It is essential that we find and use cost-effective, feasible measures

to reduce unnecessary automobile dependence, especially for single occupant trips. The transit benefit program is one such measure.

Our proposal also would permit Federal agencies to charge up to the commercial equivalent rates for parking space and related services and allow each agency to retain fees collected in excess of the actual management and maintenance costs of the parking facilities to defray the cost of the transit benefit program. Agencies would still be responsible for paying annual GSA rent charges from appropriations available for the payment of rent. Agencies now have the authority, with General Services Administration approval, to raise parking rates to commercial levels, but no agency has yet done so. Under the current law if an agency did do so, the excess would go to the Treasury and could not be used for programs such as the transit benefit program.

Our bill would allow agencies to raise their rates without obtaining GSA approval. Nothing in the proposed legislation would preclude agencies from supporting carpool or vanpool parking by charging them lower rates than for solo drivers.

Madam Chairwoman, members of the committee, the transit benefit program can be an effective approach in reducing traffic congestion, pollution, and the use of the single occupant vehicle. It provides a measure of equity to those employees who choose or who must use public transit and do not obtain a heavily subsidized employer-provided parking benefit.

The Federal Government should lead by example. This program represents good public policy and can serve as one approach to improving the Nation's environment and its effectiveness in moving people and goods. I look forward to working with the committee toward these ends.

That concludes my testimony and after Mr. Mead has spoken, I would be happy to answer questions.

Thank you.

[The prepared statement of Ms. Stoll follows:]

PREPARED STATEMENT OF LOUISE FRANKEL STOLL, ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS, DEPARTMENT OF TRANSPORTATION

Madam Chairwoman and members of the Committee. My name is Louise Frankel Stoll and I am the Assistant Secretary for Budget and Programs in the Department of Transportation. I welcome this opportunity to discuss with you the Administration's support for the continuation of the existing transit benefit program for Federal employees. We believe continuation of the program is justified for two reasons: (1) it helps reduce highway congestion and improve air quality, and (2) it provides equity for Federal employees who commute by transit.

I have an opening statement after which I would be happy to answer any questions you may have.

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Against this background, we examine today the issue of employer subsidized commuting, existing tax policy, and the continuation of the transit benefit program for Federal employees.

As you know, the private sector has for many years had the ability to offer their employees a limited amount of tax-free transit benefits, and tax benefits have long been available to both public and private sector employers who provide subsidized parking for their employees. In 1991, a provision was added to the Treasury, Postal Service, and General Government Appropriations Act, 1991 (Section 629 of Public

Law 101–509), giving Federal agencies temporary authority to participate in State or local programs that encourage employees to use bus, rail or similar public transportation for commuting to and from work. Employees are given transit benefits in the form of fare media or cash reimbursement. The monthly tax-free benefit was a maximum of $21 per month per employee. Last year, however, in the comprehensive Energy Policy Act of 1992, the maximum amount of tax-free benefit was raised to $60 per month. The Department of Transportation was the first Federal department to fully implement the transit benefit program in January 1992, and since January 15, 1993, DOT has offered up to the full $60 tax-free benefit depending on actual commuting costs of each employee. The results of the three year program have been gratifying. Currently, 88 Federal agencies and 24,000 Federal employees in the Washington, DC, area alone participate in the transit benefit program. At DOT Headquarters, over 4,800 employees are enrolled in the program, 46% of the eligible workforce. The increase in the transit benefit, from $21 to $60, resulted in a 22 percent increase in the participation level in Headquarters in the first three months alone. The new benefit level also brought an increase of 123 percent in those who turned in their parking passes. As of the end of August 1993, 174 government-subsidized parking passes have been turned in and more than 1,000 DOT employees have left either their single occupancy vehicles, carpools, or vanpools.

Madam Chairwoman, let me briefly address the recent General Accounting Office report on the issue of Federal participation in transit benefit programs. The report discusses the results of their survey conducted in October of 1992, when the maximum monthly payment was $21. It found that about 2,100 Federal employees, 60 percent of those participants who changed their travel mode, previously commuted by driving alone. Additionally, GAO found that 1 in 3 eligible employees were receiving transit benefits, and that this could increase to nearly 1 in 2 if the agencies provided up to the full $60 per month benefit. Our own experience, as I said, is that 46% of DOT's eligible employees participate in our program with up to $60 per month in transit benefits. The GAO report and DOT's experience clearly indicates that the program can both influence modal choice and remove single occupant vehicles from our already congested roads and highways.

Secretary Pēna has stated that "the transportation issues we will face together in the months and years ahead are key to * * * the daily quality of life our citizens * * *." As public transit removes people from automobiles, it minimizes urban congestion and reduces fuel use and pollution. Parking provided at the workplace at little or no charge to employees amounts to an enormous subsidy, and therefore incentive, for solo commuters, and most Federal agencies do provide this subsidy. According to the survey conducted by the General Accounting Office, of those Federal employees who do not participate in the transit benefits program, 71 percent receive parking free of charge from their agencies. Prevailing market rates in Washington, DC, were between $66 and $166 per vehicle per month. A $60 tax-free benefit allowed for commuting by public transit is modest in comparison to the tax-free benefit of up to $155 per month allowed for parking under current law.

Madam Chairwoman, as you know, the existing three year transit benefit program expires on December 31, 1993. We support its continuation as a tool for reducing highway congestion and improving air quality in our polluted cities and suburbs and for improving equity among Federal employees. The Administration has sent to the Congress a bill to make the program permanent for Federal employees. I would like to briefly describe its provisions, since it differs somewhat in its application and funding mechanisms for the existing legislation.

Our proposed legislation would continue authority for Federal agencies to provide tax-free transit benefits either as fare media or cash to subsidize the commuting costs for Federal employees who use public transit. Under current law, those tax-free benefits can be as much as $60 per month and that cap will rise with inflation. However, in order to target Federal funds to where they are most needed to achieve the goals of improving air quality and relieving congestion, the bill would restrict participation in the program to those Federal employees working in areas that do not meet the national ambient air quality standards established under the Clean Air Act, as amended, for ozone, carbon monoxide or particulate matter; areas that were formerly in nonattainment for ozone, carbon monoxide or particulate matter but have since been redesignated as attainment areas; and areas at risk for becoming nonattainment areas for ozone, carbon monoxide or particulate matter in the future. The benefit program would only be allowed in areas with particulate matter problems if mobile sources are a contributor to those problems. Areas experiencing air quality problems are closely correlated with areas experiencing traffic congestion. These areas represent the major urbanized areas in the country, all of which are served by comprehensive public transit systems.

In the Clean Air Act Amendments of 1990, Congress imposed stringent requirements on states and metropolitan areas to reduce their emissions and come into compliance within fixed, tight time frames. Many areas are going to find it difficult to meet those requirements, particularly when automobile travel—and its resulting emissions—continue to grow at 2.5% per year, or more. It is essential that we find and use cost-effective, feasible measures to reduce unnecessary automobile dependence, especially for single occupant trips. The transit benefit program is one such measure.

Our proposal also would permit Federal agencies to charge up to the commercial equivalent rates for parking space and related services and allow each agency to retain fees collected in excess of the actual management and maintenance costs of the parking facilities to defray the cost of the transit benefit program. Agencies would still be responsible for paying annual GSA rent charges from appropriations available for the payment of rent. Agencies now have the authority, with General Services Administration approval, to raise parking rates to commercial levels, but no agency has yet done so. Our bill would allow agencies to raise their rates without obtaining GSA approval. Nothing in the proposed legislation would preclude agencies from supporting carpool or vanpool parking by charging them lower rates.

Madam Chairwoman, members of the Committee, the transit benefit program can be an effective approach in reducing traffic congestion, pollution, and use of the single occupant vehicle. It provides a measure of equity to those employees who choose to or must use public transit and do not obtain a heavily subsidized employer provided parking benefit. The Federal government should lead by example. This program represents good public policy and can serve as one approach to improving the nation's environment and its effectiveness in moving people and goods. I look forward to working with the committee toward these ends. That concludes my testimony. I would be pleased to answer any questions the committee may have.

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

September 22, 1993

The Honorable Thomas S. Foley
Speaker of the House
of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

The Department of Transportation is transmitting for your consideration and reference the enclosed bill, entitled the "Transit Benefit Program Act of 1993." It would continue in modified form the authority Federal agencies currently have to establish transit benefit programs to encourage employees to commute via public transportation. This bill makes good policy sense. By providing incentives for Federal employees to use public transportation, this legislation is designed to reduce the number of vehicles on our roads, thereby reducing congestion and promoting air quality and energy conservation goals. By focusing these incentives on areas with the greatest clean air problems, this legislation assures that they will be targeted where they are most needed to improve air quality and relieve congestion. Moreover, it would further promote these goals by authorizing agencies to level charges for parking (not to exceed commercial rates).

In 1991, Senator Barbara Mikulski added a provision to the Treasury, Postal Service and General Government Appropriations Act, 1991 (section 629 of Pub. L. 101-509) permitting Federal agencies to participate in State or local programs that encourage employees to use bus, rail, or similar mass public transportation. Under this authority, Federal employees who commute to work by way of public transit can be provided transit benefits for their commuting costs. Employees are given fare media or cash reimbursement where fare media are not readily available for distribution by the employer. The private sector already had the ability to provide its employees this benefit and was not affected by the Mikulski provision. However, the authority for Federal employees is temporary and will expire on December 31, 1993. Moreover, the Energy Policy Act of 1992 increases the maximum tax-free amount of the transit benefit from $21 per month to $60 per month. The Act also limits the tax-free amount of the parking benefits to $155 per month, which was previously unlimited. (Section 1911 of Pub. L. 102-486).

As a result of the current 3-year program, 88 Federal agencies and more than 24,000 Federal employees in the Washington, D.C.

area alone are participants. Within the Department of Transportation, 46 percent of our Headquarters employees are currently participating in the program, with 174 government-subsidized parking passes turned in and more than one thousand employees leaving either their single occupancy vehicles, carpools, or vanpools.

While the $60 tax-free benefits allowed for commuting by public transit is modest in comparison to the $155 tax free benefit allowed for parking, it offers a measure of equity to those employees who choose to use public transit. Almost 95 percent of all commuters nationwide enjoy the benefit of employer-provided parking and most Federal agencies provide parking at little or no charge to all or some of their employees. These policies amount to significant benefits for single occupancy vehicle commuters.

If a transit benefit program is not reauthorized, Federal employees will have only the option of receiving parking benefits, and, consequently, limited incentives toward modal choice. Furthermore, this will encourage continued traffic congestion, pollution, and the use of single occupant vehicles. Accordingly, this proposed bill would make permanent the transit benefit program for Federal employees.

The Omnibus Budget Reconciliation Act (OBRA) requires that all revenue and direct spending legislation meet a pay-as-you-go requirement. That is, no such bill should result in an increase in the deficit, and if it does, it will trigger a sequester if it is not fully offset. Offsetting collections in this bill would equal its increase in direct spending, resulting in a net zero PAYGO effect. Thus, considered alone, this bill meets the pay-as-you-go requirement of OBRA.

The Office of Management and Budget has advised that there is no objection from the standpoint of the Administration's program to the submission of the proposed legislation to Congress, and that its enactment would be in accord with the President's program.

Sincerely,

Federico Peña

2 Enclosures:
Draft Bill
Section-by-Section Analysis

A BILL

To amend Title 5, United States Code, to permit Federal agencies to establish transit benefit programs to encourage employees to commute via public transportation.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SEC. 1. SHORT TITLE. This Act may be cited as the "Transit Benefit Program Act of 1993".

SEC. 2. TRANSIT BENEFIT PROGRAM. Title 5, United States Code, is amended by adding the following new section:

"**Section _____. Transit Benefit Program**

"(a) A Federal agency may establish a transit benefit program to encourage employees to commute via public transportation. Such a program may involve the sale of discounted transit passes or other incentives that reduce the cost to the employees of using public transportation.

"(b) A Federal employee may participate in a program described under subsection (a) only if such employee's place of employment is located in a nonattainment area, maintenance area, or area-at-risk for nonattainment.

"(c) Federal agencies are authorized to charge anyone for parking space and related services provided by such agencies at rates that do not exceed commercial equivalent charges for comparable space and services and all parking fees collected

which exceed actual management and maintenance costs shall be credited to the appropriation or fund of such agency which is available for carrying out the purposes of this section: Provided, that such amounts are in addition to funds otherwise available for such purposes.

"(d)(1) For purposes of this section the term 'Federal agency' means an Executive agency as defined under section 105 of title 5, United States Code, and shall include any agency of the legislative or judicial branch of Government.

"(2) For purposes of subsection (b), the term 'employee' means:

(a) an employee as defined under section 2105 of title 5, United States Code; and

(b) an employee of any legislative or judicial agency, and any member of the uniformed services.

"(3) For purposes of this section, the term 'nonattainment area' means any area designated by the Administrator of the Environmental Protection Agency pursuant to section 107(d) of the Clean Air Act, as amended, as a nonattainment area for ozone or carbon monoxide, or as a nonattainment area for particulate matter, if mobile sources are a contributor to such emissions; the term 'maintenance area' means any area that was formerly a nonattainment area and which the Administrator of the Environmental Protection Agency has redesignated as an attainment area pursuant to section 107(d) of the Clean Air Act, as amended in 1990; and the term 'area-at-risk for nonattainment' means any area that has a design value greater

than or equal to 85 percent of the standard (where the design value is calculated in accordance with the Environmental Protection Agency's latest methodology).

"(4) For purposes of this section, the term 'transit benefit program' means a program established to provide incentives, including a monetary allowance, to employees who regularly commute to and/or from work via public transportation.

"(e) The Administrator of the General Services Administration shall issue guidance for Federal agency implementation of this section.".

Section-by-Section Analysis

Transit Benefit Program Act of 1993

Section 1, Short Title, states that the Act may be cited as the "Transit Benefit Program Act of 1993".

Section 2 amends title 5, United States Code, by adding a new section providing for a transit benefit program for Federal employees.

Subsection (a) of the new section of the Code would permit a Federal agency to establish a transit benefit program to encourage its employees to commute via public transportation. Such programs have been in place on a temporary basis for the past two years. This bill would make the program permanent, and parallels transit benefits available to private sector employees, the tax-free nature of which were recently expanded as a result of changes to the Federal income tax code made in the comprehensive Energy Policy Act of 1992 (Pub. L. 102-486).

Subsection (a) also provides that the program may involve the sale of discounted transit passes or other incentives that reduce the cost to the employee of using public transportation.

Subsection (b) restricts participation in the program to those Federal employees working in areas that do not meet the national ambient air quality standards established under the Clean Air Act for ozone, carbon monoxide or particulate matter (the pollutants associated with commuter vehicles); areas that were formerly in nonattainment for ozone or carbon monoxide but

have since been redesignated as attainment areas; and areas at risk for becoming nonattainment areas for ozone or carbon monoxide in the future. Areas experiencing air quality problems are closely correlated with areas experiencing traffic congestion. Limiting the transit benefit to these areas will target funds to where they are needed to achieve the goals of improving air quality and relieving congestion.

Subsection (c) authorizes Federal agencies to charge up to commercial equivalent rates for parking space and related services and retain all parking fees collected which exceed actual management and maintenance costs to defray the cost of the transit benefit program. Agencies now have authority under 40 U.S.C. 490(k), with General Services Administration (GSA) approval, to raise parking rates to commercial levels although no agency has yet done so. This language would allow agencies to raise rates without obtaining GSA approval and retain the proceeds to help defray the cost of the transit benefit and actual management and maintenance costs of the parking space and related services.

Subsection (d) defines terms used in subsections (a), (b), and (c), including "Federal agency," which is an Executive agency as defined under section 105 of title 5, United States Code. The definition would include any agency of the legislative or judicial branch of Government.

Subsection (d)(2) defines "employee" as an employee so defined under section 2105 of title 5, United States Code, a member of the uniformed services and, paralleling the definition

in subsection (d)(1) of Federal agency, would include an employee of any legislative or judicial agency.

Subsection d(3) defines "nonattainment area" and "maintenance area" as those areas that do not or previously did not meet the national ambient air quality standards for ozone or carbon monoxide, or for particulate matter if mobile sources are a contributor for such emissions. "Area-at-risk for nonattainment" is defined as any area with a design value greater than or equal to 85 percent of the standard. Design value currently refers to the fourth highest value monitored over the preceding three years.

Subsection (e) provides that the Administrator of the General Services Administration shall issue guidance for Federal agency implementation of this section. It is contemplated that the Administrator will consult with agencies and employees represented in developing this guidance. In implementing the provisions of this bill, agencies will follow normally applicable procedures for consultation with employer representatives.

Ms. NORTON. I want to recognize Mrs. Byrne, who has joined us, and ask if she has any remarks to make at this time?

Mrs. BYRNE. No.

Ms. NORTON. Thank you.

Mr. Mead?

STATEMENT OF KENNETH M. MEAD, DIRECTOR, TRANSPORTATION AND TELECOMMUNICATIONS ISSUES, U.S. GENERAL ACCOUNTING OFFICE

Mr. MEAD. It's a pleasure to be here this morning. This is my first appearance before this subcommittee, and it's a pleasure to share the table with such a distinguished person as Louise Stoll.

My colleagues with me are Gary Jones, an Assistant Director with GAO, and Steve Cohen, who directed our work on this program. And we have Marty Fitzgerald, our Associate General Counsel, with us should any legal questions arise that I can't handle.

I should also like to say it's been a pleasure working with your staff. We work with a great many staffs up here, and yours is just a paragon of excellence, and it was a pleasure.

I'd like to cover three areas today: First, who participated and why; second, how commuting behavior was affected; and third, what participation costs and program financing. Before discussing those areas, I wanted to mention that there are three laws involved here.

First, there is the Tax Code. It provides the amount of transit benefits employees can receive tax-free. That's currently set at $60.

Second, the Treasury, Postal Service, and General Government Appropriation Act of 1991 permits, but does not require, Federal agencies to participate in State and local government transit programs. That law expires December 31 of this year.

The third law is the Clean Air Act Amendments of 1990 which have no sunset provision. That law operates independently of the one I just mentioned and authorizes agencies to use appropriated funds to offer financial incentives to their employees to reduce the use of single occupancy vehicles when required to do so by State and local authorities.

Moving to participation, we looked at it on two levels; agency and employee.

Turning first to agency participation. As of April 1993, 75 out of about 150 agencies participated. Participation extended to all branches of government, including, parts of 7 of the 14 Cabinet level departments. Transportation and Treasury had the largest number of participating offices and employees. Most agencies provided $21 per month benefits. Only DOT and three small agencies, the Office of the Nuclear Waste Negotiator, the U.S. Trade and Development Program, and the Harry S. Truman Scholarship Foundation provided $60 per month. Those last three, to give you a perspective of their size, employ in total about 40 employees.

Participating offices usually cited employee morale, recruitment, and retention as the most important reasons for participating. Federal agencies that did not participate most often said funding was simply not available.

In terms of employee participation, almost 19,000 out of approximately 59,000 eligible employees received transit benefits, about

one-third. Participation ranged from a high of 88 percent in New York to 4 percent in Kansas City. Three-quarters of all participating employees nationwide are located in the District of Columbia metropolitan area.

Employees who accepted benefits most often stated that public transit was less expensive than the other alternatives. Employees who did not participate, nearly 66 percent, most often reported that transit was not conveniently located to their homes or that using it would take too much time. Income also affects transit ridership. Some interesting information here, but perhaps not surprising: We found that employees with family income of less than $25,000 a year were nearly twice as likely to try transit as employees with family incomes above $100,000.

Now, I have several charts here I'd like to use, and I believe you have individual text frames in front of you.

Madam Chair, do you have one?

Ms. NORTON. Yes, I do.

Mr. MEAD. I'd like to turn now to how transit benefits affect commuting behavior. What this chart shows is that among the employees who received transit benefits, 21 percent said they'd change their primary means of commuting to public transit to accept a benefit. In contrast, 75 percent were already commuting by public transit before the benefits were offered. Almost 60 percent of the employees who shifted to transit previously drove alone to work. Thirty-five percent previously took carpools, vanpools, or shared a ride with one other person.

Go to chart 2, please. Thank you.

Our surveys also indicated that employee participation would increase if the agencies that offered a $21-per-month benefit offered the maximum allowable—$60-per-month benefit. As you can see from this chart, if employees who said they would consider a switch to transit for a $60 benefit did so, the overall employee participation rate would increase from 33 percent up to about 49 percent. I believe the experience at DOT, as your testimony indicated, is about 46 percent at the present time.

Well, that brings us to the question of cost and funding. The Congress is requiring Federal agencies to absorb the $8 to $10 million estimated cost of participation for fiscal 1993 from within their existing budgets. Most agencies pay for benefits with funds allocated in their budgets for personnel benefits. Nearly half of them said they paid for transit benefits without forgoing any other planned expenditures. But many others who did not participate said they just could not absorb the cost of providing the $21 per month, so they did not participate. Few of them, hardly any, could absorb the cost of a $60-per-month program.

Our report examines three funding options—continuing to require Federal agencies to absorb the cost, appropriating the funds to support Federal participation, and permitting agencies to retain parking fees to fund participation. Each of those options are complex and contentious.

The first option, requiring Federal agencies to absorb participation costs, causes agencies to weigh participation costs against other priorities. But, there may be hidden costs. In the long term

it may be impractical from a budgetary perspective to expect agencies to absorb a continuing and anticipated expense year after year.

Appropriating funds directly could induce other agencies to participate and could contribute to removing the marked unevenness, where some agencies participate and others do not. However, under that option, obviously, Congress would have to consider the costs against spending and deficit reduction goals. To illustrate the cost, we estimated that a $60-per-month program for the Federal Civilian employees in the 11 metropolitan areas with trip reduction ordinances would run about $84 million. Funding a $60 program in Washington, DC, which is not among those 11, would add another $92 million a year.

Now OMB has suggested that agencies fund transit benefits by using revenues from agency provided parking. As Ms. Stoll's testimony just indicated, Federal agencies are limited by law from retaining parking revenues that exceed the cost of operating and maintaining their facilities. Our surveys showed that, in the Washington area, most Federal agencies, about 73 percent, that provide employee parking do not charge for it. If agencies charged for parking and were allowed to retain the proceeds, as the administration is suggesting, the ability of different agencies to generate enough money would vary dramatically.

The next chart illustrates the point. It assumes a $21-per-month transit benefit, and the dotted line illustrates the 33-percent participation rate found in our survey. The chart shows that the Department of Education would need to charge full market rates or about $140 per vehicle per month to fund a $21 per month transit benefit for about a third of their employees. EPA would have to charge about $70 per month for parking or 75 percent of market rates.

The six agencies to the right would have to charge about 50 percent of market rates, which would range between $33 and $82 a month.

The story is a bit different at the $60-per-month benefit level. The dotted line on this chart represents a 44-percent participation rate, which is 2 percent less than the participation rate that DOT is already experiencing. And it assumes a $60 benefit level, as I said.

Most of the 10 agencies could not raise sufficient funds from parking fees to fund the expected demand for a transit benefit if they charged the full market value in setting the parking fees. Those that could make ends meet would have to charge between 75 and 100 percent of the market rates, which in the DC area runs from about $60 to $160 per month per vehicle.

At those 10 agencies carpool parking was 42 percent of the spaces the agency provided. And according to our calculations, we don't see any way you could avoid charging carpools for the parking. Parking charges have advantages in that they discourage single occupant vehicle commuting. They also potentially can have a negative effect on agency operations and employee moral. Those factors would just have to be weighed.

Finally, Madam Chair, as you pointed out, our report made some observations about what needed to be done if the program were to continue. One of those was that you need a central agency that's

got authority to issue guidance, rules, and act as a clearinghouse of information. When the law we're testifying on was enacted there was no provision made for that, and so interpretation problems have come up. For example, does a vanpool qualify as a mass transit vehicle? And there hasn't been any one place you can turn to get interpretative guidance. And then there's an issue of how one gets that guidance out to the different agencies that are participating. So we would recommend that a central coordinating agency be established.

I'd like to conclude now. I know the committee has some very important decisions before it on how to finance COLA's, locality pay, bonuses, and now you have the mass transit subsidy to boot. I'd be glad to comment on our initial observations on the administration's proposal during the Q&A period, if you wish.

Thank you.

Ms. NORTON. Thank you very much, Mr. Mead.

[The prepared statement of Mr. Mead follows:]

PREPARED STATEMENT OF KENNETH M. MEAD, DIRECTOR, TRANSPORTATION AND TELECOMMUNICATIONS ISSUES, U.S. GENERAL ACCOUNTING OFFICE

Madam Chair and Members of the Subcommittee:

We are pleased to have the opportunity to testify on federal agency and employee participation in transit benefit programs. Section 629(a) of the Treasury, Postal Service and General Government Appropriations Act of 1991 authorizes federal agencies to participate in state or local government programs that encourage employees to use public transportation. That authority expires on December 31, 1993.

We reviewed federal participation in transit benefit programs, as required by the act, and issued our report earlier this month.[1] Our testimony today presents the results of our work and addresses the extent of federal participation, how participation affects employees' commuting behavior, and the costs of federal participation. Our work was based on surveys of participating and nonparticipating federal agencies and of randomly selected federal employees in participating offices, as well as visits to 16 participating federal offices in 4 cities. We focused on participation in the nation's 25 largest metropolitan areas.

In summary, we found that:

-- As of April 1993, 75 federal agencies and organizations out of about 150 participated in transit benefit programs, including parts of 7 of the 14 Cabinet-level departments. About one-third of employees at participating federal agencies accepted transit benefits. Participation ranged from a high of 88 percent in New York to a low of 4 percent in Kansas City. Three-quarters of all participating employees nationwide were located in the Washington, D.C., metropolitan area.

[1]Mass Transit: Federal Participation in Transit Benefit Programs (GAO/RCED-93-163, Sept. 1, 1993).

-- Three out of four of the federal employees who accepted transit benefits used public transportation as their primary means of commuting to work before benefits were offered. On the other hand, 21 percent of the federal employees receiving transit benefits changed their primary means of commuting to work to public transportation because of the availability of a transit benefit--around 60 percent of these employees were former single-occupant vehicle commuters. Since the enabling legislation did not contain specific goals for increasing the use of public transportation, there is no clear measurement for whether the shift in federal employees' commuting patterns justifies continuing federal participation. Furthermore, the benefits of federal participation in terms of improved air quality and lessened traffic congestion are localized and difficult to measure.

-- If the goal of the Congress is to increase federal participation, we found that employees' use of public transportation and the number of new transit riders would increase if federal agencies offered the $60-per-month tax-free benefit authorized by law since January 1993. For example, according to our survey, federal employee participation is currently 33 percent but could increase to as much as 49 percent.

-- As to the costs of federal participation and the possible sources of funding, GAO estimates participation will cost $8 million to $10 million in fiscal year 1993. The Congress expected federal agencies to absorb that cost from their existing budgets. Many federal agencies told us they do not participate because they are unable to absorb the cost of providing $21-per-month benefits; most told us they could not absorb the costs of a $60-per-month program. Our report examines three funding options: continuing to require federal agencies to absorb the costs; appropriating funds specifically

to support federal participation; and amending existing law to allow, as OMB has suggested, federal agencies to retain parking fees to fund their participation. The implications of each of these options are complex and contentious, as they potentially require reductions in other programs, additional federal spending, or new or increased fees on individual federal employees. For example, most federal employees we surveyed who receive parking from their agencies do not pay to park today, and market parking rates in Washington, D.C., range from about $65 to $165 per month.

In addition to these issues, our report asked the Congress to consider, if it chooses to reauthorize federal participation, establishing a central coordinating authority to provide guidance to federal agencies participating or considering participating in transit benefit programs. This would help to solve a problem we noted where federal agencies have experienced difficulty interpreting the rules for participation.

Before providing the details on these issues, let me provide a brief background.

BACKGROUND

Three laws affect federal participation in transit benefit programs. The first set of laws--the tax code--affects participation by providing the amount of transit benefits employees can receive tax-free. While employer-provided benefits are generally taxable to the employee, Internal Revenue Service (IRS) regulations interpreting the Deficit Reduction Act of 1984 established employees' transit benefits as a tax-free benefit, providing it did not exceed $15 a month. IRS regulations raised this exclusion to $21 a month in July 1991, and the Energy Policy Act of 1992 again raised it to $60 per month, effective January 1,

1993. These provisions affect both private and public employers and employees.

The second law is the Treasury, Postal Service and General Government Appropriations Act of 1991 (P.L. 101-509). Section 629(a) permitted federal agencies, but does not require them, to participate in transit benefit programs offered by state or local governments. This authority expires on December 31, 1993. The act covered federal executive branch civilian employees, and legislative and judicial branch employees, but did not include uniformed personnel in the Department of Defense and other agencies. The Office of Management and Budget (OMB) issued guidance to federal agencies limiting the benefits federal agencies can provide their employees to the tax free amounts provided for in the tax code. OMB's guidance, as well as guidance published by the General Services Administration (GSA), also advised agencies to establish procedures to limit participation to eligible employees, and to ensure that funds are properly accounted for and that programs are properly evaluated.

The third law that affects federal agency participation is the Clean Air Act Amendments of 1990. Among the nation's largest 25 metropolitan areas, 8 designated as severe or worse for ozone pollution must require employers, including federal employers, with 100 or more employees to implement trip reduction plans by November 1994. Three other metropolitan areas that are not required to include trip reduction plans in their implementation of the Clean Air Act have nevertheless also done so. Transit benefits are one of several mechanisms available to employers to bring about trip reduction. The Comptroller General has ruled (B-250400, May 28, 1993) that, under the authority of this act, if appropriate state or local authorities require employers to offer financial incentives, federal agencies may use appropriated funds to do so. This authority is separate and distinct from the authority provided under section 629(a) of the Treasury, Postal Service and General

Government Appropriations Act of 1991, and unlike that authority, has no sunset provision.

FEDERAL AGENCIES' AND EMPLOYEES' PARTICIPATION

Federal participation extends across all three branches of government and to each of the nation's largest 25 metropolitan areas. The 75 participating federal agencies included parts of 7 of the 14 Cabinet-level Departments. The Departments of Transportation (DOT) and the Treasury had the largest number of participating offices and employees--39 DOT offices in 17 cities and 43 Treasury bureau offices in 22 cities. In the legislative branch, participants included two agencies--the Congressional Budget Office and the Office of Technology Assessment--as well as some U.S. Senators' and Senate committees' staff, and personnel employed by three special courts. Most agencies provided $21-per-month benefits to their employees as of April 1993; only DOT and three smaller federal agencies--the Office of the Nuclear Waste Negotiator, the U.S. Trade and Development Program, and the Harry S. Truman Scholarship Foundation--provided $60-per-month benefits.

Federal agencies that responded to our survey--as of October 1, 1992--provided transit benefits to about 18,500 out of about 59,000 eligible federal employees. According to federal employees' responses to our survey, around 33 percent of the people employed by participating federal agencies accept transit benefits from their agencies. Employees' participation rates were highest in Chicago and New York, where 80 percent and 88 percent, respectively, of the people employed in participating federal agencies received transit benefits. Employees' participation rates were lowest in Kansas City, where 4 percent of the employees participated. Three-quarters of the participating agency employees were located in the Washington, D.C., metropolitan area, where 28 percent of eligible employees participated.

Many Factors Contribute to Agencies' and Employees' Participation Decisions

Our report examined the factors contributing to federal agencies' and employees' decisions to participate in transit benefit programs. Over one-half of the participating federal offices we surveyed cited employee-related factors as the most important reasons for participating in a transit benefit program. In particular, these offices most often said that the single most important factor in their decision was that it would enhance employees' recruitment, morale, and retention. They also said that other federal offices provided transit benefits and that they wanted their employees to have the same benefits. In addition, their employees wanted or lobbied for the benefit. Federal agencies that did not participate in state or local transit benefit programs most often cited funding constraints as the primary factor precluding their participation. Sixty-four percent said that funding was not available, while another 16 percent said that participating in a transit benefit program was either not an efficient use of limited agency resources or was too costly or complex to administer.

We also examined factors contributing to individual employees' decisions about whether to use public transportation and accept transit benefits. When asked to cite the most important reason for using public transportation, responding employees most often said that public transportation was less expensive than their other alternatives. Employees also cited the desire to avoid rush hour traffic congestion and the costs and difficulties associated with parking. Sixteen percent said that the availability of a transit benefit was the single most important reason for using public transportation. Income also affects transit ridership. We found that employees with family incomes of less than $25,000 a year were nearly twice as likely to ride transit as federal employees with family incomes above $100,000.

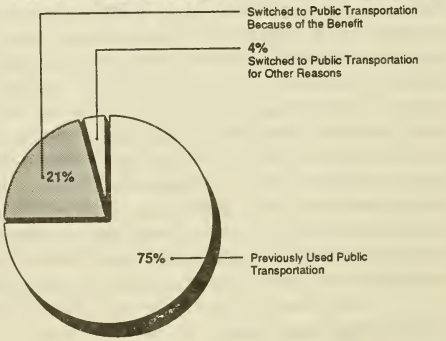
Among employees we surveyed who chose not to use public transportation benefits to commute to work, about 40 percent said either that public transportation was not conveniently located to their homes or that using it would take too much time. Other federal employees stated that public transportation was more expensive than their other alternatives, that it did not fit their working schedules, or that they needed to commute by automobile for personal reasons, such as child care. According to our employee survey, about 70 percent of the employees who receive parking from their agencies receive it free of charge. However, among all nonparticipating employees surveyed, only 3 percent cited the availability of free or discounted agency-provided parking as the single most important reason for not using public transportation. These employees frequently cited lack of proximity of transit to their homes and the fact that commuting by transit would take too much time as more important factors in their decisions.

TRANSIT BENEFITS AFFECT COMMUTERS' BEHAVIOR

As figure 1 shows, according to federal employees' responses to our survey, 21 percent of the employees who accepted public transportation benefits from their agency were, in effect, new transit riders. While some were incidental riders of public transportation before, these employees reported changing their primary means of commuting to work from drive-alone, carpool, and other means of commuting to public transportation because of the availability of a transit benefit. Almost 60 percent of this group previously drove alone as their primary means of commuting to work, while 16 percent were previously members of a carpool or vanpool, and about 19 percent reported they had previously shared a ride with one other person. In contrast, 75 percent--3 out of 4, of the employees receiving transit benefits from their agencies--were

already using public transportation as their primary means of commuting to work before the benefits were offered.[2]

Figure 1: Shift in Commuting Habits Among Transit Benefit Users



$60 Transit Benefits Would Increase Transit Ridership

Our surveys indicate that federal employees' participation and new transit ridership would increase if federal agencies that currently offer $21-per-month transit benefits offered the $60 monthly tax-free benefit now permitted by law. We asked federal employees who work in agencies where $21-per-month transit benefits are available, but who now choose not to take them, whether they would consider changing their primary means of commuting to work to

[2]The remaining 4 percent also reported changing their primary means of commuting to work to public transportation when the benefit was offered but said that they did so for other reasons, such as a change in residence.

public transportation in order to accept a $60-per-month benefit. As table 1 shows, 24 percent said that they probably or definitely would consider it, and 58 percent said that they probably or definitely would not.

Table 1: Whether Nonparticipating Employees Would Consider Joining a Transit Benefit Program if $60 per month Were Offered

Response	Percent responding
Definitely or Probably	24
Unsure	18
Definitely or Probably Not	58
Total	100

Figure 2 combines the responses of the nonparticipating employees shown in table 1 with the employees who currently participate in transit benefit programs. It shows how increasing employees' benefit levels to $60 per month in agencies that currently provide benefits might affect employees' participation.

Figure 2: Employees' Potential Commuting Decisions at the $60-Per-Month Benefit Level

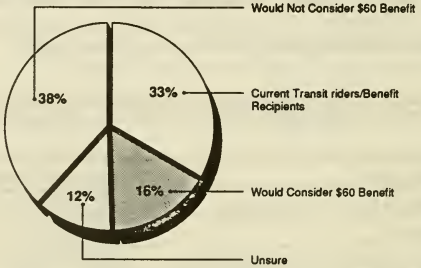


Figure 2 shows the 33 percent identified by our survey as current transit riders and benefit recipients under the $21-per-month programs. Employees who said they would definitely or probably consider switching to public transportation for a $60 monthly benefit make up a 16 percent slice of the pie chart. As figure 2 shows, if they did switch, the overall employee participation rate in agencies offering transit benefits would increase from 33 percent to about 49 percent of employees.

These new employees being added to agency transit benefit programs represent new transit riders--employees who are not now using public transportation even though their agencies offer financial incentives to do so. If the employees who would consider participating were added to those who have already changed their primary commuting mode because of the $21 benefit, our survey suggests that the percentage of participating employees who would

have changed their primary means of commuting to public transportation would increase from the 21 percent we cited earlier to as much as 47 percent. Thus under the $60-per-month scenario, nearly one-half of the federal employees receiving transit benefits could be commuters who changed their primary means of commuting to public transportation to accept a transit benefit.

IMPLICATIONS OF COST AND FUNDING OPTIONS ARE COMPLEX AND CONTENTIOUS

Many federal agencies told us they were unable to absorb the cost of providing $21-per-month benefits; most told us they could not absorb the costs of a $60-per-month program. In enacting section 629, the Congress did not appropriate additional funds for federal participation; rather, participating federal agencies were expected to absorb these costs from within their existing budgets.

We estimate that participating federal agencies will spend between $8 million and $10 million on transit benefits in fiscal year 1993. During fiscal year 1992, most participating federal agencies paid for benefits with funds allotted in their budgets for personnel benefits, such as relocation allowances and employers' contributions to employees' health insurance. Nearly one-half of the federal offices responding to our survey reported having done so without forgoing any other planned expenditures. In contrast, over 60 percent of nonparticipating agencies said that the most significant factor in their decision not to participate was that funding was not available.

While differences exist in the capacity of federal agencies to absorb $21-per-month benefit levels, few federal agencies appear able to absorb the cost of providing transit benefits to employees at the $60-per-month level. As mentioned earlier, DOT is the only Cabinet-level or major independent agency to raise its employees' benefit levels from $21 to $60 per month. When we surveyed

participating federal agencies in late 1992, relatively few expected to increase their benefits to $60 per month. For federal agencies, transit benefits will compete with other employee compensation and benefit priorities such as COLAs, locality pay, and bonuses. Furthermore, as federal agencies seek to reduce administrative expenses and face other budget reductions in response to national spending and deficit reduction priorities, existing employee transit benefit programs, if reauthorized, may be candidates for elimination, even at the $21-per-month level.

If the Congress reauthorizes federal participation, several funding options exist. Each option has advantages and disadvantages and different impacts on budget and fiscal policy. The Congress could:

(1) continue to require agencies to absorb the cost of participation within their existing budgets: The federal agencies that currently participate have been generally able to absorb the cost of providing $21-per-month transit benefits to their employees. Requiring federal agencies to absorb the costs of participation has the advantage of compelling federal agency decision makers to carefully weigh the importance of transit benefits for employees and the advantages of program participation relative to other agency spending priorities. On the other hand, it may be impractical from a budgetary perspective to expect federal agencies to absorb the costs of a continuing and anticipated expense year after year from within existing resources. Most participating federal offices stated in our surveys that they accounted for the funds needed when they prepared their fiscal years 1993 and 1994 budgets.

(2) appropriate funds to specifically support federal participation. Most nonparticipating federal agencies do not participate because of the unavailability of funds. Removing that barrier would almost certainly induce a number of agencies that do not now participate to do so. It would also contribute to removing

some unevenness in the current participation where some agencies participate and others do not. The Congress would have to consider these costs in the context of overall federal spending and deficit reduction goals. Our report provides information on the maximum possible costs to the federal government. We stated that, assuming that transit benefits were available to all 2.2 million full-time, permanent federal civilian employees, costs could be as high as $720 million for a $60-per-month transit benefit program.

However, cost estimates differ under various scenarios. For example, according to the Office of Personnel Management (OPM), 265,000 federal civilian employees work in the 11 metropolitan areas where trip reduction ordinances are either required or have been voluntarily adopted under the Clean Air Act. Assuming the continuation of existing participation patterns, we estimate that funding a $60-per-month employee transit benefit program for the federal agencies in those metropolitan areas would cost around $84 million a year. Washington, D.C. is not one of the 11 metropolitan areas that has adopted a trip reduction ordinance. We estimate that funding a $60-per-month employee transit benefit program for federal agencies in Washington, D.C. could cost around $92 million a year. It should be noted that the OPM's federal employee data base on which we have based these estimates does not include military personnel, postal employees, judicial branch employees, and many legislative branch employees. Consequently, costs could be higher--particularly if military personnel participated.

(3) utilize parking fee revenues to fund transit benefit programs. While OMB's June 1992 guidance to federal agencies suggested that they fund transit benefit program participation to the extent possible by obtaining funding offsets from agency-provided parking, OMB also recognized that federal agencies are limited by statute from retaining any proceeds from parking charges that exceed the costs of operating and maintaining the parking facilities, unless otherwise authorized by law. Most federal agencies that provide

employee parking do not charge for it--71 percent of the federal employees responding to our survey that receive parking from their agencies receive it free of charge. However, the capability of federal agencies to generate funds from parking charges can vary dramatically between agencies.

Factors such as how much an agency can charge (market prices), and how many parking spaces it has relative to the number of people it employs, have an impact on the effectiveness of parking charges as a revenue source. We found that if federal agencies began charging their employees rates more reflective of market rates and were authorized to retain the proceeds, results would vary. For example, in 10 selected Washington, D.C.-based agencies, we found that by charging 50 percent of prevailing market rates for employee parking (between $33 and $83 per vehicle per month), federal agencies could fund $60-per-month transit benefits for as few as 3 percent or as many as 44 percent of their employees.

Parking charges discourage single occupant vehicle commuting, to the benefit of national environmental, energy, and congestion management goals. However, they can also have a negative effect on federal agencies' operations and employee morale. As federal agencies weigh competing funding demands, the imposition of new or increased fees on employees will be considered in light of other proposed reductions and limitations in federal employees' pay and benefits. Charging for parking may affect other programs designed to reduce congestion and improve air quality. Because of the preponderance of carpool vehicles at federal parking facilities, charging these vehicles is essential to raising revenues.

MANAGEMENT AND ADMINISTRATION

If the Congress reauthorizes federal participation, we believe that it should consider designating a central coordinating authority to provide guidance to agencies both considering and

participating in transit benefit programs. Such a clearinghouse, among other things, could disseminate information and guidance to help to ensure effective implementation of federal participation. A central coordinating authority or clearinghouse could be established in a number of ways--for example, through one of the central management agencies, such as GSA or OPM; through DOT, which has cognizance over federal transportation programs; or through an interagency committee.

A central coordinating authority could be effective in helping federal agencies avoid some of the interpretation problems we noted on such issues as who may participate, which benefits are tax-exempt, and what constitutes public transportation. For example, some agencies provide transit benefits to employees who use vanpools, while others do not. In addition, we noted instances of weaknesses in the management controls that help to ensure that participation is limited to eligible employees, that transit vouchers and tickets are properly accounted for and safeguarded, and that agency participation is properly evaluated. For example, three of the six agencies that we visited had not established an evaluation mechanism to measure changes in employees' commuting habits and other results as required by OMB's guidance. These evaluations will be important to states' and metropolitan areas' efforts to plan for air quality and congestion management, since any shift in commuters' behavior would affect local areas.

CONCLUSIONS

In deciding whether to reauthorize federal agencies' participation in state or local transit benefit programs, the Congress first must look at the central question of whether the legislation has accomplished its purpose of encouraging federal employees to use public transportation. Our surveys indicate that 21 percent switched to public transportation because of the benefit; however, 75 percent of the participants were already public transportation

riders. The legislation did not contain measurable goals for program achievement. Thus, in considering reauthorization, there is no clear basis to answer the more complex questions of how much participation was expected and at what cost.

One benefit of encouraging federal employees to change their means of commuting to public transportation is to improve air quality and reduce traffic congestion. Although federal agencies participate nationwide, measuring the federal contribution to improvements in air quality and traffic congestion is difficult, because such improvements are localized. Employer-based measures are, however, expected to continue to play a role in national air quality improvement efforts. Under the Clean Air Act Amendments of 1990, metropolitan areas are encouraged to consider--and in 8 of the 25 largest metropolitan areas are required to implement--employer-based measures to reduce vehicle mileage. Transit benefits are one of several measures available to employers who must comply with local trip reduction plans required or encouraged by the Clean Air Act. As I noted earlier, authority exists that is independent of section 629 of the 1991 Treasury Appropriations Act that allows federal agencies to use appropriated funds to provide employee financial incentives. However, this authority is limited to situations where the agency is required to do so by appropriate state or local authorities under the authority of the Clean Air Act.

Finally, as the Congress addresses the question of continuing federal participation in transit benefit programs, it will also consider what strategies are available for funding federal participation. The implications of the available options are complex and contentious, as each potentially would require reductions in other programs, additional federal spending, or new or increased fees on individual federal employees. Funding federal employee transit benefits will likely compete with other employee

compensation priorities. Future funding will also be limited by budget and deficit reduction priorities in the coming years.

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Madam Chair, this concludes my testimony. We would be happy to respond to any questions that you and the other members of the Subcommittee might have.

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Ms. NORTON. I appreciate this very useful testimony from you both as we try to decide how to proceed.

Let me begin, Ms. Stoll. I was interested that while these agencies have authority, apparently, or can seek authority to move to commercial parking level, they are not seeking that authority. Would you explain to me what you believe is the brake on their seeking that authority and what would make them seek that authority?

Ms. STOLL. At the present time if the parking rates were raised to commercial levels, the excess between what it costs to maintain the parking itself; that is, the parking garage itself, would not be useable by the agency for other purposes. That excess would go to the Treasury.

What this law does is pin a particular use to raising the fares from the current very subsidized rate toward or even achieving what the commercial rates would be. It permits——

Ms. NORTON. Well, what you mean what the recommend proposal does?

Ms. STOLL. The recommended proposal permits you to raise the parking rate in the Federal garage as high as the commercial rate, to a comparable rate, that is, and the key is that the bill permits you to use the excess beyond what it costs to maintain the parking place for the transit benefit. That is what will be the incentive for the agency to, in fact, start raising the parking rates.

Ms. NORTON. Do you know if this was a recommendation in the "Reinventing Government" report?

Ms. STOLL. It's not, but it is a classic case of reinventing government. It's a way to shift the incentives in a direction that many laws of this Government are pushing it. It is basically bringing a market element into it.

Ms. NORTON. And you believe that if the agency could use the money in what way? For example, do you believe that the agency should be required to use the money to subsidize this program?

Ms. STOLL. In this bill, that's the only allowable use for it. What we are recommending, the bill we are recommending, would permit you to use that excess only for this purpose. It does not permit you to use it for other things, but only for this purpose. It's an offset to pay for the transit benefit.

Ms. NORTON. And you believe that this will be enough to move people to this program?

Ms. STOLL. I think it would. I think, as Mr. Mead indicated, the main reason agencies give for not instituting a transit benefit today is that they don't have the money. And when you attempt to fund a Transit Benefit Program today, you are, obviously, competing within your allocation for how to pay for it and it's coming out of other things in your agency. It's coming out of such things as delaying filling vacancies; it's coming out of travel budgets; it's coming out of other benefits.

Ms. NORTON. Yes, but your answer assumes that there would not be other factors that might inhibit the movement toward the use of the money in this way. I mean, it seems that all that's standing in the way of it is the money and that you get the money this way, and the money will be used this way and everything will be fine.

Ms. STOLL. What it does is permit you to raise the transit benefit up to $60, which as Mr. Mead has found in the GAO study, is what seems to tip toward mass transit ridership very close to one-half of all eligible people's participation, from about one-third.

Ms. NORTON. I would like to hear from you both, you and Mr. Mead. I'm really asking whether the movement to commercial rates, in and of themselves, I mean what Government constantly does is do things to get unintended consequences. I'm asking whether the move to commercial rates, for whatever good purpose, may in itself not be desirable to some agencies?

Ms. STOLL. Well, it would have a demoralizing impact on the people who now drive automobiles to work, clearly. And that is the balance, the policy balance, that I think is being laid out in this bill. If the effort is to reduce congestion and to move forward and to advance the Clean Air Act, then the agency would choose to go in this direction, would make some of its constituents, its employees, happier, would make some of them less happy, but on whole would be carrying out what we are committed to in terms of clean air and congestion reduction.

Mr. MEAD. I'd like to amplify on that, make three observations about the parking fee issue.

A substantial percentage of people responding to our survey who do not currently take transit indicated that they would not switch to transit, citing such matters as child care, that transit was not located convenient to their homes, that they work unusual hours, or that the time required by transit was substantially greater than commuting by privately owned vehicle.

A second point I'd like to make is the carpool issue. Presumably, there are a couple of purposes behind this legislation. One of them is to promote clean air. The second, I suppose, was to even the playing field, as Ms. Stoll's testimony indicated.

On the clean air front, one objective of many clean air plans is to move people into carpools. There is no way that you could use the parking fees to finance transit benefits and exempt your carpools. The numbers just won't add up.

The third point I'd like to make is, as Ms. Stoll was pointing out, the breakpoint on this——

Ms. NORTON. So you're saying that carpools would have to pay parking fees?

Mr. MEAD. Absolutely.

Ms. NORTON. So you'd be punishing——

Ms. STOLL. But they do now. They pay fees now and there would be nothing to prevent an agency from giving reduced rates to carpools, as they do now.

Ms. NORTON. Do you have other incentives for people to, in fact, use carpools or vanpools?

Mr. MEAD. About 42 percent of the parking spaces at the 10 agencies we looked at is now occupied by carpools. And you'd have to hit the carpools substantially in order to make ends meet, according to our——

Ms. NORTON. You'd have to get the number of carpools up substantially?

Mr. MEAD. Pardon me?

Ms. NORTON. You'd have to get the number of carpools up substantially you're saying?

Mr. MEAD. No. The carpools would have to be charged.

Ms. NORTON. Well, they're being charged now, she said.

Mr. MEAD. Seventy-three percent of the agencies in Washington, DC, charge no fees. DOT is one of the exceptions; they charge, but they do not charge commercial rates.

Ms. NORTON. Could I just ask, did DOT then make a change from having charged carpools to no longer charging carpools?

Ms. STOLL. DOT does charge carpools and it also charges solo drivers. The charge for carpools is $11 a month and the charge for solo drivers is, I believe, $28 a month.

Ms. NORTON. Well, was there a change made there? What was it before?

Ms. STOLL. It was $6.60 for everyone. There is no reason why the increase in the parking fee has to be the sole source of revenue for the transit benefit. Right now it isn't at all a piece of the transit benefit, and many agencies are providing the transit benefit as an equity issue, a clean air issue for their transit riders. But having the ability to raise the parking rates somewhat in the direction of the market rate would provide another source of revenue to help implement this program.

Mr. MEAD. I'd just like to build on a point Ms. Stoll made. She's speaking of a mix between the fees and use of appropriated funds. One thing that does need to change, Madam Chair, on the use of appropriated funds is some agencies who have been forthright and have said in their budgets we're going to spend this much on the transit program find that it's knocked out, whereas other agencies that don't disclose in their budget presentations that they're going to be offering a transit benefit end up getting the money. But it's, of course, included in other items such as personnel costs that they may not end up incurring.

Ms. NORTON. It looks as though, I take it, for DOT and surely for the rest of the country that the Washington, DC, metropolitan area is greatly overrepresented in this program with 75 percent of those participating from this metropolitan area.

Ms. STOLL. Right.

Ms. NORTON. How in the world do you account for that?

Ms. STOLL. The greatest concentration of Federal employees is here in Washington.

Ms. NORTON. Are 75 percent of them here in Washington?

Ms. STOLL. Probably not 75 percent.

Ms. NORTON. I don't think anywhere near 75 percent are in Washington.

Ms. STOLL. But there is a substantial concentration and a very elevated consciousness here, because so many people are involved in Government, about the benefits of clean air.

Ms. NORTON. Ms. Stoll, it suggests something else to me, and that is that people in the Washington metropolitan area, not that there is instantaneous consciousness, but that administrators and officials here take the program more seriously and haven't got the word sufficiently to the provinces, if you'll forgive me.

Ms. STOLL. Well, we actually have discovered in DOT that while there is a very high transit use in DOT headquarters here in

Washington, in what polling we have been able to do of our DOT employees out in the regions, there is even a higher percentage of participation. So I think that——

Ms. NORTON. I'm sorry, say that again.

Ms. STOLL. While here in Washington there is a very high percentage of participation at the Department of Transportation itself, we're up at 46, 47 percent, what we have discovered in what polling we have been able to do in our regions is that regional DOT employees are actually participating in this Transit Benefit Program in the regions at an even higher level. Now, there are fewer Government Employees out there, but there's definitely high participation.

Ms. NORTON. So this figure is not true then for DOT?

Ms. STOLL. That's right.

Ms. NORTON. But it apparently is true for the rest of the country.

How do you account, Mr. Mead, for the overconcentration here relative to the rest of the country?

Mr. MEAD. I think the answer is that most Federal employees are headquartered here.

Ms. NORTON. But again, what percentage of Federal employees are headquartered here, Mr. Mead?

Mr. MEAD. I haven't calculated the percentage, but I can give an idea that Washington, DC, has 291,000.

Ms. NORTON. I think a more rational answer may lie in the availability of mass transit in other areas. I mean, I don't accept that if there are 200 and some thousand people here, that when you consider we have, what, 2½ million employees, if you leave out the Post Office. Those figures just don't jive.

Now, it might be interesting to know whether or not in the other regions there is the same kind of access to mass transit. Other people may not have the opportunities that this region has. But I would like to suggest that we need to know whether an answer of that kind, technical answer virtually, is the answer or whether the agencies themselves are failing to do in the regions what they do here.

Mr. COHEN. Madam Chair, I think you've alluded to one of the principle reasons: DOT certainly has one of the most sophisticated and extensive outreach programs of the Federal agencies that we looked at. The fact that this is a new Federal program and the new programs tend to be implemented in the headquarters first, we think is why you see a participation rate in Washington, DC, that exceeds the proportion of Federal employees participating in other areas.

Ms. NORTON. How long have you had your program?

Mr. COHEN. I'm sorry?

Ms. NORTON. How long have you had your program at DOT?

Mr. COHEN. DOT's program? Two years.

Ms. NORTON. I understand that 10 percent of Federal employees live in the District of Columbia area. And, again, the answers may be as you say, it's a young program but it suggests that we may have some information to get on the true reasons for greater participation. I just would not have expected 75 percent. That is a number that seems to me quite overwhelming.

Mr. MEAD. No. Just amplifying that, one reason for the 75 percent, it's not 75 percent of all Federal employees.

Ms. NORTON. I understand.

Mr. MEAD. It's 75 percent of the employees that chose to participate. And DOT, I think, was the only Cabinet level Department where all of its employees were eligible.

Ms. NORTON. Yes; well I recognize it wasn't 75 percent of all Federal employees. And your point about DOT participation, I think, is an important one. DOT I have to commend for the leadership it has taken. It ought to have been the leader, and it has stepped up and tried to be the leader and a model that I hope other agencies will follow.

Could I ask how the program or whether the program applies to cities or essentially to people who live outside the city, and what kind of participation has there been, for example, in the District of Columbia if residents are also eligible for the subsidy?

Mr. MEAD. I don't think we have it broken down that way.

Ms. NORTON. Does DOT?

Ms. STOLL. I don't believe we do. We're looking at this in terms of metropolitan regions.

Ms. NORTON. Well, I understand that.

Ms. STOLL. Yes.

Ms. NORTON. I happen to be from a part of this metropolitan region.

Ms. STOLL. Right.

Ms. NORTON. It interests me very much. And what I'd like to know, first of all, I take it the District of Columbia would qualify as an area?

Ms. STOLL. Yes.

Ms. NORTON. What would be particularly wasteful, if you think about it, since you have more access to mass transportation in the city than outside the city, most people in the suburbs do not live close to a mass transit station. What would be particular wasteful, what would be an important target population would be those who live closest and most conveniently to mass transit and who, by the way, have lower incomes and they might be more open to the subsidy. I'd be very interested to know if you targeted such people in any way.

Ms. STOLL. Certainly the targeting for that is not written into the law, but the incentives of the law are directed at being able to maximize the people who have good access to public transit who are basically, as you know, the people who live in inner cities where the transit tends to be or in the middle of the intense part of a metropolitan area.

What we have found is that if the access to transportation is good and timely, there is real interest in this program, and by being able to provide the benefit up to $60 per month and by encouraging many Federal agencies to participate in the program, many do not participate in the program now because to fund it would require doing one thing, taking funds out of other allocated sources within their budgets. Having a way to subsidize this benefit, given who does ride public transit, should benefit the inner city riders, but we do not have—it's a logical sort of conclusion to draw, but it's not borne out by any statistics that I can provide you today.

Ms. NORTON. I would appreciate your providing me with statistics that show the use of this subsidy by residents of the District of Columbia who are employed by the Department of Transportation. And I would like to have a comparison of their percentages to the percentages of those who live outside of the District of Columbia.

For example, the District might be helpful to DOT in encouraging the use as well if such a subsidy were available or, perhaps, in fact we will find that there is the expected use because of the convenience of mass transit.

Ms. STOLL. We will see what we have available and get back to you about what we can provide you on that.

Ms. NORTON. Thank you. Well, I'm not asking you what you have available. I'm asking you to provide me for the record the figures I have asked for.

Ms. STOLL. Fine.

[The information referred to follows:]

A total of 4,617 DOT headquarters employees who live in the Washington Metropolitan area (DC, Maryland, and Virginia) receive transit subsidies. This represents 68 percent of all DOT employees (nationwide) who receive transit subsidies.

The table below illustrates the percent of DOT headquarters employees who reside in Washington, DC, Maryland, and Virginia and participate in the transit subsidies compared to the total number of employees residing in those areas as of December 1, 1993.

Number of DOT headquarters employees residing in		Number receiving transit subsidies	Percent receiving transit subsidies
Washington, DC	1,228	654	53%
Maryland	4,615	1,905	41%
Virginia	4,623	2,058	45%
Total	10,466	4,617	Average—44%

Note: These figures do not included DOT Headquarters employees either residing outside of DC., Virginia, and Maryland, or where there is no address. The addresses were extracted from W–2 forms filed with the agency.

Ms. NORTON. Mrs. Byrne, I have other questions but I move to you.

Mrs. BYRNE. Thank you, Madam Chair.

Since we're now focusing all these efforts on nonattainment areas, and I'm fairly familiar—since I live in one—with what that means, this committee has spent a tremendous amount of time in the past and certainly will in the future on comparability and giving Federal workers a level playing field with private industry. We just went through a situation in the Washington metropolitan area where a decision was made by one of the localities not to address their nonattainment problems by enforcing some of the similar things on private industry you're talking about right now—fees for parking, those kinds of things, increased benefits. And I'm wondering not only, Ms. Stoll, from your perspective if some people are going to be happy and some people are going to be unhappy, where's the equity? Where's the equity for Federal employees?

Ms. STOLL. The equity for the Federal employees comes for those who currently are using public transit and not receiving the transit benefit. They are participating effectively in reducing the problems of pollution and congestion and yet they are having to pay, whereas those who are causing it to a good extent are very subsidized in

their trip to and from work by having the parking provided. So the equity is between employees within the Federal Government.

Mrs. BYRNE. But not between public and private, certainly?

Ms. STOLL. That's correct. This bill does not address it. This bill addresses strictly the Federal employees.

Mrs. BYRNE. If there were a proviso in this bill that said that this would be available when localities adopt a similar program for private industry?

Ms. STOLL. The $60 is already available in the private sector for private sector employers.

Mrs. BYRNE. Right, as a tax.

Ms. STOLL. What this does is extend it. That's right. It's a tax benefit. This extends that to the Federal employee.

Mrs. BYRNE. You know, I'll tell you my problem is that I guess the figures from Ken were from $60 to $160 a month was the going rate for parking, right?

Ms. STOLL. Right.

Mrs. BYRNE. That figures out to $720 a year to $1920 a year—$1,920 a year.

Those people, for whatever reason, whether they can't get childcare without using a private vehicle or whether they have no access to mass transit, those people are going to get hit with the bill, right?

Ms. STOLL. That's right.

Mrs. BYRNE. OK. But their private counterparts who do the same work in the District of Columbia are not going to get hit with the bill if their employer chose not to do this; is that correct?

Ms. STOLL. That is correct.

Mrs. BYRNE. So we're building into the system an inequity between public and private employees?

Ms. STOLL. I think what we're doing is stepping forward as the Federal Government in a leadership capacity to, hopefully, change behavior and using an economic plum as an incentive to encourage the modification behavior that we know we have to encourage in our future years.

Mrs. BYRNE. Let's go back and see about this economic plum. We got 16 percent who say that this would make a difference in your survey. Did you tell us how many people, what the raw numbers of this survey, how many people were surveyed?

Mr. MEAD. There were roughly 60,000 eligible employees.

Mrs. BYRNE. Out of 3 million?

Mr. COHEN. There were approximately 19,000 participating employees out of about 59,000 eligible employees. Our assumptions based on our employee survey are that you currently have 3,500 people who have switched for the $21 benefit. Those who might then switch for a $60 benefit would represent slightly in excess of 8,000 additional employees.

Mrs. BYRNE. OK. Some 8,000 people in cars, and that is for the United States or that's just for the Washington metro area?

Mr. COHEN. That's national.

Mrs. BYRNE. That's a national figure. So, gee whiz, 8,000 for the Washington metropolitan area. That's kind of little.

Mr. COHEN. It's based on an assessment of currently participating agencies and what would happen in those agencies nationwide.

If more agencies were participating, those numbers would, of course, go up.

Mrs. BYRNE. Right. But even with those participating, we started out with 60,000 who were participating.

Mr. MEAD. Eligible.

Mrs. BYRNE. Eligible.

Mr. MEAD. There were 60,000 eligible, I misspoke.

Mrs. BYRNE. And you got that down to 19,000 and then we took it back down to represent the 16 percent was 8,000?

Mr. COHEN. Correct.

Mrs. BYRNE. I guess the thing that puzzles me—well, let me put it this way. If we found another way for agencies to pay for this program, say through yearend savings—we're talking about a number of things to give agencies an incentive to save for the end of the year rather than spend for the end of the year, and one of those things is bonuses and personnel costs and merit pay, and that kind of stuff. If we build that into this so that they could be assured a source of funding for this rather than charging the employee——

Ms. STOLL. That's how it's done now effectively. That is where the funds are coming from now to provide the funds for the transit benefit. There are close to 2 million Federal employees in the United States today, and 71 percent of them receive free parking from their employer. So, it has been a benefit to the automobile driver for a number of years. And what we have tried to do in this bill is address the equity just within that framework.

Mrs. BYRNE. Now that 71 percent isn't broken down as to those who live in nonattainment areas or those who have mass transit available to them, is it?

Ms. STOLL. No.

Mrs. BYRNE. So once we break those figures down—and I'd like to get from DOT those figures broken down, take out the folks who don't live in nonattainment areas, take out the folks who have no access to mass transit, and then if you would give us that figure, I think it would help us see the picture more clearly.

Ms. STOLL. Fine.

[The information referred to follows:]

GAO reported in their report to Congress, "Mass Transit: Federal Participation Transit Benefit Program," that according to an employee survey they conducted, 71 percent of the federal employees that do not participate in the transit benefit program and who receive parking from their agencies receive it free of charge.

The scope of GAO's survey was limited to federal participation in the transit benefit program in the nation's largest 25 Metropolitan Statistical Areas, as defined by the Bureau of the Census, Department of Commerce. A review of these areas by the Department of Transportation has determined that all are nonattainment areas and all have mass transit systems.

The other issue, the other point I just want to emphasize is that there is no requirement for an agency to participate in this. This authorizes, permits them to. And second, there is no requirement that they do raise the parking fees. It, again, permits them to use the parking fees as a means of funding the benefit and they don't have to use the parking fees to fund the total benefit. It could be a combination of how it's currently being done out of savings within the Department and some raising of the automobile fees. So there's definitely a balance here that, hopefully, sensible management would prevail.

Mrs. BYRNE. Thank you, Ms. Stoll.

Mr. MEAD. I have a breakout I'll submit for the record on the number of federal employees in each of the top 25 U.S. metropolitan areas and what it would cost at the $21 and $60 levels.

Mrs. BYRNE. That would be helpful. Thank you.

That's all.

[The information referred to follows:]

ANALYSIS OF POTENTIAL FEDERAL AGENCY TRANSIT BENEFIT PROGRAM PARTICIPATION COSTS IN THE NATION'S LARGEST 25 METROPOLITAN AREAS

[Dollars in thousands]

Metropolitan areas	Number of Federal employees	$21 Program (at 33% demand)		$60 Program (at 44% demand)	
		Participants	Annual cost	Participants	Annual cost
TRIP REDUCTION ORDINANCES REQUIRED BY THE CLEAN AIR ACT					
Baltimore	38,489	12,701	$3,201	16,935	$12,193
Chicago	26,442	8,726	2,199	11,634	8,377
Houston	12,940	4,270	1,076	5,694	4,099
Los Angeles	31,111	10,267	2,587	13,689	9,856
Milwaukee	4,766	1,573	396	2,097	1,510
New York	30,004	9,901	2,495	13,202	9,505
Philadelphia	47,052	15,527	3,913	20,703	14,906
San Diego	28,374	9,363	2,360	12,485	8,989
Subtotal	219,178	72,329	18,227	96,438	69,435
TRIP REDUCTION ORDINANCES NOT REQUIRED BUT ENACTED					
Phoenix	9,353	3,086	778	4,115	2,963
San Francisco	17,594	5,806	1,463	7,741	5,574
Seattle	18,905	6,239	1,572	8,318	5,989
Subtotal	36,499	15,131	3,813	20,175	14,526
TRIP REDUCTION ORDINANCES NOT REQUIRED					
Atlanta	29,109	9,606	2,421	12,808	9,222
Boston	20,566	6,787	1,710	9,049	6,515
Cincinnati	8,435	2,784	701	3,711	2,672
Cleveland	10,671	3,521	887	4,695	3,381
Dallas	22,161	7,313	1,843	9,751	7,021
Denver	24,433	8,063	2,032	10,751	7,740
Detroit	14,680	4,844	1,221	6,459	4,651
Kansas City	21,157	6,982	1,759	9,309	6,703
Miami	9,800	3,234	815	4,312	3,105
Minneapolis	9,578	3,161	797	4,214	3,034
Pittsburgh	7,998	2,639	665	3,519	2,534
St. Louis	22,892	7,554	1,904	10,072	7,252
Tampa	7,749	2,557	644	3,410	2,455
Washington, DC	291,699	96,261	24,258	128,348	92,410
Subtotal	500,928	165,306	41,657	220,408	158,694
Grand total	756,605	252,766	63,697	337,022	242,655

Note 1: Numbers may not add due to rounding.

Note 2: GAO's demand assumptions, that 33 percent of eligible employees would use $21-per-month transit benefits, reflects the results of a survey of Federal employees in participating agencies. The assumption that 44 percent of eligible employees would use $60-per-month transit benefits reflects participation rates reported by the Department of Transportation [DOT] in Washington, DC in April 1993. DOT might not be representative of other Federal agencies.

Note 3: The number of Federal employees is from the Office of Personnel Management's central personnel data file. It does not include postal employees, judicial branch personnel, many legislative branch personnel, or members of the uniformed services.

Source: GAO analysis of Office of Personnel Management Federal employee data.

Ms. NORTON. Mr. Mead, in your own study were you able to conclude anything about the way Federal participation meshes with programs at the state and local level? Are we off on our own with-

out any coordination there and would coordination benefit the goals of this program in anyway?

Mr. MEAD. That's a good question, and it runs the gamut. For example, under the administration's proposal one refinement that you may wish to consider is requiring some sort of partnership between the Federal government and the locality. After all, it is the locality's Air. In Los Angeles you have an ordinance that states that employers with more than 100 employees, whether private or public sector employers, shall provide a transit subsidy. And even if this law that we're testifying on today is not reauthorized, the Federal Government will still have to pay the transit subsidy in that jurisdiction. So it is all over the map. And that is one refinement that we would suggest to the administration proposal is that it contemplate clearly a partnership between the locality and the Federal Government so that the private sector gets bought in to at least some extent.

Ms. STOLL. But what this does is it does permit the Federal agencies to come, if you will, to that table where this will be worked out with the ability to take part in, I'll say, a significant way, a meaningful way because there is at least this possibility for a source of revenue.

Ms. NORTON. One can imagine a scenario where a Federal agency participating in the program in a particular region might want to call to the table the large employers or the city or state officials to see if some kind of at least permissive program could be instituted to compliment your own and thereby take a leadership role in encouraging what might be encouraged in other areas.

Mr. Mead, you cite that there are 75 Federal agencies to one degree or another participating; which have been most active, which agencies?

Mr. MEAD. DOT was clearly one of the most active. DOT. Treasury certainly was very active. Department of Energy employees in Washington, DC and Denver received transit benefits. HHS was limited to the National Institutes of Health in Bethesda. Departments of Justice and Veterans Affairs participation was limited strictly to Los Angeles, where the Drug Enforcement Agency and a VA hospital outpatient clinic staff participate.

Among the independent agencies the most extensive participation was at FEMA, the ICC, the Federal Trade Commission, OPM, and the Securities and Exchange Commission, each with offices participating in at least nine metropolitan areas.

EPA participated in Atlanta, Boston, Chicago, Denver, New York, Philadelphia, and Seattle. I guess most places except Washington.

Seventeen of the 75 agencies were small Federal boards and commissions, which with one exception, participated exclusively in Washington.

Ms. NORTON. Well, it sounds like a very spotty record.

Mr. MEAD. Oh, it is. It's very uneven. And, as I said, Cabinet level participation is parts of seven of 14. So seven didn't participate at all, and just parts of the other seven participated with the exception of the Department of Transportation.

Ms. NORTON. This gives the appearance of being almost entirely a matter of agency leadership at the level that somebody cares

enough about it to establish a program and would seem to indicate a lack of central leadership from headquarters. Is that the conclusion you would draw?

Mr. MEAD. Yes, but I'm not sure it's correct to characterize it as a lack of leadership. I think every agency reflected on it, I know ours did, and some just didn't have the money.

Ms. NORTON. Well, but had the money in certain regions, is that——

Mr. MEAD. Well, at headquarters.

Ms. NORTON. Pardon?

Mr. MEAD. Even here in Washington at headquarters most of the agencies that did not participate said they just didn't have the money.

Ms. NORTON. I note that some agencies that one might expect to have raised consciousness inherently seemed to participate. And then you have some regions where you might expect raised consciousness because of air quality problems, LA for example. And, again, we don't know whether there's access enough to know whether these figures mean anything about access. I wonder if you think the presence of the central coordinating vehicle you recommend would help or should be encouraged to also encourage these programs more evenly.

Mr. MEAD. Yes, I do. We commend DOT on taking the leadership of pulling together a bill for you today. One refinement I would suggest is that you beef up somewhat the role of GSA. There's not only an interpretive problem of what qualifies as mass transit, but also the need for a clearinghouse on, for example, some of the questions that you've asked today. The experiences of one agency would be, perhaps, relevant to those of another agency. So somebody has to disseminate that information.

Ms. NORTON. Has GSA been active? I mean, how would you characterize GSA's role at the present time?

Mr. MEAD. Standoffish.

Ms. NORTON. Why do you think that is the case?

Mr. MEAD. Well, the law doesn't really designate them as having any responsibility.

Ms. NORTON. Does the proposal before us recommend any particular agency to play this role?

Ms. STOLL. GSA, because it's currently in charge of parking. But I'd like to suggest another thought with respect to encouraging other agencies to participate in this. Remember, we are just 8 or 9 months into this new administration and this is an administration that is committed to environmental issues, perhaps at a higher level than previously. And what we are seeing in this proposal, which is an administration initiative, is that the Secretary of Transportation, Frederico Peña and his colleagues are going to be, shall I say, promoting this kind of an approach; that is, an approach to reach the Clean Air requirements, this being one of the ways Transportation can be of great assistance. The Clean Air Act requirements probably will cause additional agencies to reconsider participation in this.

Ms. NORTON. I would be interested in knowing more about how the modal administrations within DOT have reacted, for example in how they have paid for their participation, did they forego or

defer other planned expenditures, was it leadership driving this or how have you been able to get the participation you have and how even has it been within DOT?

Ms. STOLL. The participation in DOT is a 100 percent; that is every agency within the Department is participating in this. They have accomplished the funding through various means. FDA, for instance, cut its travel budget and FHWA took a closer look at its benefits account. A realignment of costs within each agency is how they have each accomplished it.

Ms. NORTON. It sounds as though DOT virtually required participation?

Ms. STOLL. The former Secretary did.

Ms. NORTON. Would you, Mr. Mead, recommend something close to a requirement given that an agency and a particular region meets certain standards? I mean, are we serious or not? I mean, we've been dealing with an entirely permissive approach and we see what happens at DOT when you say, "Look." I think it was in your testimony where you say part of the problem with evaluating this program is there was no specific goals.

Mr. MEAD. That's correct.

Ms. NORTON. And surely reinventing government is about holding out goals, goals to be sure that are charted according to the study and underlying data. But I'd be interested in your reply.

Mr. MEAD. I think there is no doubt that the leadership provided by DOT contributed to the participation levels of that agency.

I should also note that the mass transit drops at the Department of Transportation here in Washington are among the most convenient in the world, which may have had some bearing on——

Ms. NORTON. Well, in Washington proper, yes.

Mr. MEAD. Yes. And that might have had some bearing.

I would not, though, at the present time recommend that this program be made a requirement until the funding issue is sorted out because some agencies, even if they were to charge the full market rate for parking, would not be able to generate enough money to cover the transit subsidy.

Ms. NORTON. Is it your view that you have to cover everybody that qualifies or you shouldn't have a program that deals with anybody? I mean, there should be no waiting list?

Mr. MEAD. Not necessarily. There's one agency that limited participation to the lower grade levels because they thought that they could fund that. And I think that was reasonable.

Ms. NORTON. Well, couldn't limitations of that kind deal with agencies that couldn't fund even with parking subsidies?

Mr. MEAD. Yes, you could do that. But the employees of the agencies that couldn't finance it with parking would not be able to participate.

Ms. NORTON. Well, I mean, they could participate to the extent that they could finance it with parking and then limit those who participated according to some objective criteria, such as that which you have just suggested.

Mr. MEAD. Yes, but if they don't get any money from the Congress to finance it——

Ms. NORTON. I'm talking about getting money from parking.

Mr. MEAD. Yes, but some agencies can't generate enough money from the parking.

Ms. NORTON. Even to pay for subsidies for some of their employees?

Mr. MEAD. Oh, yes, sure. You could cover some of the employees at every agency.

Ms. NORTON. And I'm suggesting if you said we will at least cover beginning with those whose wages are the lowest, even those agencies might be able to fund or self-fund part of the program.

Mr. MEAD. Perhaps.

Ms. NORTON. I mean, one could imagine, for example, the notion of requiring every agency to do a model of this program based on some objective criteria if they were in an area where there was access to mass transit and if the Clean Air requirements in your proposals were also met.

The Energy Policy Act does not allow any employees to receive transit benefits in cash, tax free, if a program that utilizes mass transit vouchers is readily available. What is the implication of the proposals allowing cash benefits?

Ms. STOLL. I'm sorry, I didn't understand the question.

Ms. NORTON. I'm referring to the Energy Policy Act.

Ms. STOLL. Yes.

Ms. NORTON. That does not allow employees to receive transit benefits in cash, tax free, if a program that utilizes mass transit vouchers is readily available. The proposal allows cash benefits. I'm trying to mesh that with my understanding of the underlying policy of the Energy Policy Act.

Mr. SPENCER. That legislation reflected some concern with fraud; that if you pay out the benefits to someone in cash, you can't track exactly where that is going to go. You don't know if they're going to use it for the transit benefit or if they're going to use it for some other item in their personal budget. Also, it would help the local transit authorities if you buy the fare directly from them and minimizes the probability of theft if you have benefits in the office as opposed to cash.

Ms. NORTON. I take it that there have not been any such problems connected with this program?

Ms. STOLL. We've had two individuals who have been involved in the fraudulent use of the benefit program.

Ms. NORTON. How was that discovered? Two out of how many?

Ms. STOLL. Out of almost 4,500, 4,800 people.

Ms. NORTON. That's a very good record.

Ms. STOLL. Yes, it is. The use of the fare media, obviously, keeps that down rather than bring it up.

Ms. NORTON. The use of?

Ms. STOLL. Of giving people a metro card.

Ms. NORTON. Yes.

Ms. STOLL. Yes.

Ms. NORTON. Mr. Mead, you note the absence of specific goals that, obviously, inhibited evaluation of the program. What kinds of specific goals might have been used so that evaluation might have been easier to do?

Mr. MEAD. Well, the one we were referring to was the percentage of people that would switch to transit. The program wasn't de-

signed, really, for the people that were already taking transit, but for the switchers. And the legislation didn't say whether they thought that the sponsors would consider a 21 percent shift as being a measure of success or not. To me, 21 percent switch sounds fairly significant, but I'm just one person. And in the absence of some legislative guidance it was hard to make that judgment.

Ms. NORTON. This was the very first notion that occurred to me, are we dealing only with the equity side of the question, which is important of course, or are we dealing with the Clean Air side of the question, which obviously prompts this first and foremost. And you suggest that Congress should have set that goal, but Congress would have done so only after talking to people like you. And I'm trying as we look at reauthorization of this legislation to inform myself as to whether the legislation should set such goals. And I seek your advice on how we might go about formulating such goals within the legislation.

Ms. STOLL. It would be a difficult challenge, certainly, to try to establish a uniform measure of success for this program because its goal of attaining cleaner air would vary from locale to locale as would also the opportunities and the other options, but try to decide a transit subsidy that could contribute to reducing the pollution of the air and the congestion. That's why we didn't undertake——

Ms. NORTON. But while that is a very strict standard to correlate switchers with attaining cleaner air, there must be some advantage in simply getting people to switch. For example, there are cars on the road even if it had no effect on clean air. It's very hard to reauthorize a program without knowing whether one is dealing with a significant change that can be traced to the program.

Ms. STOLL. Twelve percent of the eligible participants switched from being solo drivers, solo drivers not vanpools or carpools, to transit riders for their commute. You know, I am not a sociologist or an urban planner, but I think it would be tough to find a program where within the course of a few months an incentive carrot changed 12 percent of the individuals involved in this to behavior that was more socially acceptable, if you will, in the context of which we're talking.

Ms. NORTON. Especially since we're only talking about what, $21?

Ms. STOLL. This was at the $21 level.

Ms. NORTON. Yes.

Ms. STOLL. That's right. So it appears that the economic incentive can happen.

Ms. NORTON. And we were talking about a very short period of time relatively speaking.

Ms. STOLL. Yes, we are. It was over a period of several months that this occurred. Likewise, when in the Department of Transportation transit benefit moved up to the $60 a month, there was an additional shift of riders from solo cars. So you're dealing here with something in the vicinity of modification of 12 percent of the behavior as a result of this. And if we had set a standard of percentage shifts, I think we would not have been so optimistic. I think it exceeded what we would have established.

Ms. NORTON. Now, really the problem you have now is that you do have some experience. When this program was first authorized the setting of any goals, theoretically at least, might have been considered off the top of one's head; one would have had to go to, at best, analogies from the closest experience one could find. All right, you have some real experience here now. And it seems to me that from that experience Congress might want to set goals of some kind, but I'm not even suggesting what they might be. They may not have to do with how many people switched. Goals could be related to equity. Goals could be related to crowding on the roads. But the problem I am posing is that this experience should inform us in some way so that we come to the House with a tighter sense of what we are after.

Mr. MEAD. I like your idea, and I like your idea because if you're trying to raise money and persuade employees to pay parking fees and so forth, you need goals. One might be to focus your goals on the switching of single occupancy vehicles to transit rather than capturing carpools as well. I have a difficult time reconciling why we'd want to discourage carpoolers.

Ms. NORTON. Yes, that's very true also.

Mr. MEAD. For the clean air purpose.

Ms. NORTON. Sorry?

Mr. MEAD. I have a difficult time reconciling why we would want to encourage people to get out of carpools——

Ms. NORTON. Especially since we really are encouraging them to get in carpools.

Mr. MEAD. Yes. It's like one law is saying we want carpools and then there's this other law saying, well, we're not so sure. So that, perhaps, provide a context for the structuring of one of the goals.

Ms. NORTON. What about non-monetary goals, is there anything there, anything to that?

Mr. MEAD. Non-monetary goals.

Ms. NORTON. In this budget cutting climate, I think we're going to increasingly have to think of incentives that are not necessarily related to cash-in-hand or wage level. I wonder if there's a non-monetary goal that might be related to somebody's leave or the use of leave, or heaven knows what other non-monetary, at least non-cash, incentive might be available and be looked into for employees who, in fact, reach certain levels, let's say, of use of this program?

Mr. MEAD. What you might consider doing is in the reauthorizing legislation inserting a provision that authorizes the agencies to pilot, experiment with innovative projects that contemplate the use of non-monetary incentives and leave it to the agencies and to the esprit de corps of the employees to come up with some ideas, and then you would have a time a couple of years later to revisit how those worked. .

Ms. NORTON. Have your employee organizations still been deeply involved in your own program?

Ms. STOLL. Yes, they have.

Ms. NORTON. Could you describe their involvement?

Ms. STOLL. I must retract that. I am told that when it was instituted it was instituted by management and this would concur with our understanding that the previous Secretary had mandated it in the Department of Transportation.

Ms. NORTON. Well, so it wasn't bargained for?

Ms. STOLL. That's right.

Ms. NORTON. But what kind of participation, if any, did employee organizations have in the workings and operation, encouragement or discouragement of program?

Ms. STOLL. I will research that and get this for you for the record.

Ms. NORTON. Thank you. We are going to be hearing from employee organizations, so it would be good to have your version of what their participation has meant.

Ms. STOLL. Certainly. Certainly.

[The information referred to follows:]

Through the Department's National Consultation Rights, we notified three employee organizations of our intentions prior to the implementation of our Transit Benefit Program. The American Federation of Government Employees, the National Air Traffic Controllers Association, and the Professional Airway System Specialists were all fully supportive of the program.

These same organizations were again notified of the management decision to increase the transit benefit to $60 a month. All organizations were again fully supportive of the program.

Ms. NORTON. How high a value among the benefits employees receive do employees put on the availability of free or discounted parking? Is it very high on their list?

Mr. MEAD. Pardon me, I didn't understand what the value was that you mentioned.

Ms. NORTON. Well, let me ask a threshold question first. Does the government consider the free parking a calculated fringe benefit that is a part of the wage package?

Mr. MEAD. Most agencies viewed their provision of parking as important to agency operations and moral. In terms of employees, about three percent told us that free parking was the most important reason they took their car to work. The others pointed to the lack of convenience of transit to their homes and other issues.

In our survey, we had 49 percent that said they would consider taking transit for a $60 transit benefit. We didn't ask the other 51 percent whether they would feel more like switching if they had to pay for parking.

Ms. NORTON. Why not?

MR. COHEN. We asked employees about the $60 benefit because that was a stable dollar level that applied nationwide. We surveyed employees all over the country where parking rates varied tremendously and we just didn't see how we could set a dollar level for parking that would be applicable to randomly selected Federal employees nationwide.

Ms. STOLL. Madam Chairwoman, I am informed that during the Carter Administration an effort was made by the Administration to raise parking prices for Federal employees and that it was withdrawn because of substantial pressure from employees and employee organization.

Ms. NORTON. This institutional memory may have something to do with why agencies did not rush forward this time to take that on.

Ms. STOLL. It's possible, but it's also the case that we're dealing now with the offsetting pressures of the environmental issues.

Mr. MEAD. That's true. And the Carter proposal would have mandated it government wide, or at least in the Washington area, whereas as the Administration proposal is very situational. I think it vests the authority in each individual agency to decide.

Ms. NORTON. Mr. Mead, I wonder if you would elaborate on the correlation between income and transit ridership that you mentioned in your statement?

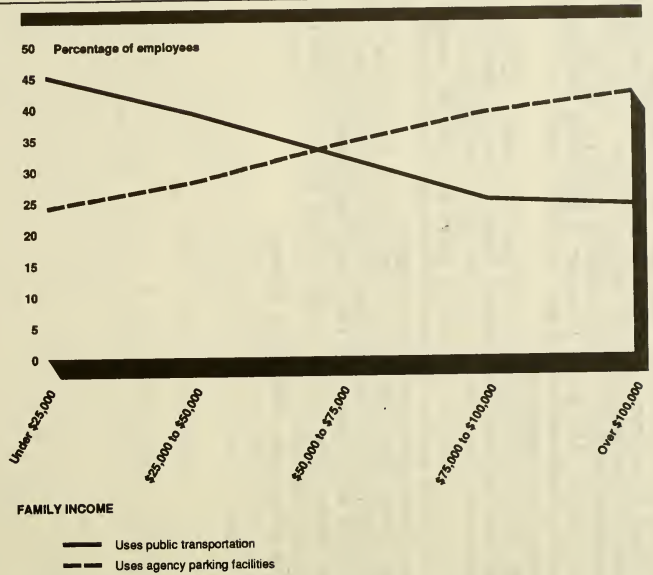
Mr. MEAD. Yes. Employees with family incomes of $25,000 or less were about twice as likely to take transit as employees with family incomes over $100,000—45 percent versus 24 percent. 42 percent of employees with family incomes above $100,000 use agency parking versus 24 percent of those with incomes under $25,000. So it's almost the exact converse for parking.

Ms. STOLL. This has been our experience in DOT as well. And I am informed that I could supply you with a graph that is possibly a year old at this point, but that could demonstrate that.

Mr. MEAD. Yes, I have a chart I can submit for the record, if you'd like, a graph.

[The information referred to follows:]

Employees' Participation in Transit Benefit Programs and Use of Agency Parking Facilities by Family Income in Participating Federal Agencies



Ms. NORTON. How much money is the government spending on employee parking government wide?

Mr. MEAD. We figure about $90 million at least on parking, and that excludes places like the Pentagon and other Department of Defense facilities, that GSA doesn't control as well as various other agencies that control their own building space. So it's $90 million at least.

Ms. NORTON. Are there any parts of agencies in any regions which charge for parking?

Mr. COHEN. We surveyed 49 Federal offices outside of Washington, DC that provided transit benefits that said that they also provided parking. Certainly that's not a representative slice, but only one of the 49 charged for it.

Ms. NORTON. You mean who charge for parking?

Mr. COHEN. Only one of 49 Federal offices outside Washington, DC that had parking charged for it.

Mr. MEAD. And 73 percent of DC-based agencies charged for parking.

Ms. NORTON. I'm sorry?

Mr. MEAD. Did not. Seventy-three percent did not charge for parking.

Ms. NORTON. If in the present climate Congress simply reauthorized the existing program, what would be the effect on the program and its possible use, it's possible greater use?

Ms. STOLL. I think that if the existing program were continued without the ability to use the increased parking rates, it would become increasingly difficult for those agencies currently participating to continue to participate because of the general budgetary press on everybody.

Ms. NORTON. I have to tell you the experience you described during the Carter Administration is one I remember as an official of that Administration. And you're telling me that to make this program go one is going to have to do what got a reversal then, that is to say, charge for employee parking. And essentially you are grounding this proposal on the match with charging for employee parking and one wonders whether that reed is slender.

You speak about the environmental incentives today. One wonders if you could have had any greater incentive than the oil crises that we faced then with the President of the United States taking the leadership himself with government buildings, and I was in one of those buildings, with thermostats lowered in order to save energy. If ever there was an environmental crises, we were in the fulcrum of it then, and yet the mandated increases in parking didn't last very long.

We can reauthorize the program and ignore that experience or we can reauthorize the program and have some kind of failsafe, if you can think of one, to keep this going. There may be some greater education about the environment today, but I really wonder if the difference you speak of is enough to change the attitudes of employees on this perk that they have had for decades?

Ms. STOLL. I think that you're pointing to, obviously, the very difficult issue of bringing this forward in a metamorphized fashion, different from the original. Linking it to clean air and reduction of congestion does limit somewhat the number of eligible areas, but

will include all of the metropolitan areas in the United States. But it doesn't mandate. This bill would not mandate that parking fees be raised, nor would it mandate that an agency participate. And for these very reasons, we're proposing a bill that doesn't mandate because of the historical and institutional memory of what happened when things were mandated to a good extent. But it does permit an agency to do this. And what will undoubtedly happen within each agency is an internal negotiation over whether or not to raise the parking, is it something we really want to do provide this benefit, and where the trade-offs are? Do you raise the parking a little and reduce the cost to an agency of the transit benefit a little? How do you balance that? This would permit at least a valve to be able to be used in the negotiation by the agency toward encouraging the use of transit.

Mr. MEAD. I would agree with Ms. Stoll and what I sense is your hunch that if you simply reauthorize this program and take no further action, that the program will seriously falter in the current budgetary climate.

I'm not sure I mentioned before but there are eight metropolitan areas in the country that are required to enact trip reduction plans. A possibility here is to be more strategic in targeting the legislation to areas that are required to enact trip reduction plans.

Ms. NORTON. That might be true of the area, but does that filter to the employee who then loses a free parking spot?

Mr. MEAD. That could, but doesn't have to happen necessarily. Under the Clean Air Act if Federal agencies are treated the same as the private sector employers, and the locality says you must provide a transit subsidy, they have to provide a transit subsidy. So far we only know of one jurisdiction with such a requirement, that's Los Angeles.

Ms. NORTON. Wait a minute. This is an interesting point you raise. In those areas that require private employers to offer transit subsidies, is the Federal Government is exempt from that requirement of the state?

Mr. MEAD. Pardon me?

Ms. NORTON. The Federal Government is exempt from that?

Mr. MEAD. No. By law the Federal Government must pay as well.

Ms. NORTON. So is the Federal Government paying as well?

Mr. MEAD. Yes, but there's only one place in the country where such a requirement is in place, that's Los Angeles. And that's true, they are paying and they will continue to pay even if this legislation expires on December 31st. And that's because the Clean Air Act doesn't have a sunset provision.

Ms. NORTON. But that doesn't help us much because you've only got one area?

Mr. MEAD. Right, one area that specifically requires financial incentives. These other jurisdictions; Chicago, Houston, Baltimore, Milwaukee, New York, Philadelphia and San Diego have enacted or are in the process of enacting trip reduction ordinances.

Ms. NORTON. Because of the quality of air in those metropolitan areas. Is it your view that to have any effect those agencies will almost certainly have to follow Los Angeles and require employers of a certain size, I guess it is, to do transit subsidies?

Mr. COHEN. Federal agencies in the eight ozone non-attainment areas defined by the Clean Air Act and Federal employers of over 100 employees will be subject to local trip reduction ordinances which will require them to have a certain ratio of employees to vehicles.

In downtown Los Angeles, for example, an employer of 100 cannot have more than 57 vehicles coming to that work site.

Transit benefits are just one of a number of options available to all employers to meet those kind of requirements.

Ms. NORTON. But you can't tell me whether they are likely to be necessary in order to meet those requirements? You see, one thing we could do is we could put something in the legislation that encouraged, or for that matter required, Federal agencies to do so whether or not the employers in the metropolitan region were required to do those subsidies. And we could say that at least the Federal agencies ought to do it unless you can find a better way to do it. And here is where we come back to no specific data on whether what we're doing here has an effect on clean air.

Mr. MEAD. We don't know whether in most of these areas whether transit benefits would be needed to meet the local ordinance. In Los Angeles the local air quality agency has required Federal agencies as a condition of approval of their plans to provide employee transit benefits.

Ms. NORTON. Yes, and Los Angeles doesn't tell us. I mean, they have such terrible conditions there, it really does not inform us sufficiently of what will be needed in other areas, such as Baltimore, for example.

I want to thank both of you, Ms. Stoll, Mr. Mead and your staff who accompanied you for what has been very useful testimony.

Hearing is adjourned.

[Whereupon, at 11:37 a.m., the subcommittee was adjourned.]

MASS TRANSIT SUBSIDY PROGRAM AVAILABLE TO FEDERAL EMPLOYEES

THURSDAY, SEPTEMBER 30, 1993

HOUSE OF REPRESENTATIVES,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS,
Washington, DC.

The subcommittee met, pursuant to call, at 10:07 a.m., in room 311, Cannon House Office Building, Hon. Eleanor Holmes Norton (chair of the subcommittee) presiding.

Members present: Representatives Norton, Byrne, and Morella.

Ms. NORTON. The hearing will come to order. Today the subcommittee holds the second of two hearings on the Mass Transit Subsidy Program available to Federal employees.

Currently, Federal agencies are permitted, in the exercise of their discretion, to provide an employee with up to $60 per month to subsidize use of mass transportation. The purpose of this program is to encourage Federal employees to use public transportation, and thus to protect the environment by reducing the use of single occupant vehicles.

In addition, under the Clean Air Act amendment of 1990, eight of the Nation's largest cities are required to implement plans to reduce vehicular traffic by November, 1994. The Transit Program is one of the ways in which these and other cities may satisfy the clean air requirements. This program's authorization is set to expire on December 31st, 1993.

At the first hearing on this issue on September 23rd, the subcommittee received testimony from Louise Stoll, Assistant Secretary for Budget and Programs at the Department of Transportation. Ms. Stoll explained DOT's new legislative proposal to reauthorize the program, to limit and target the cities in which the subsidies may be offered, and to permit Federal agencies to retain revenue that they can collect from parking fees in order to fund the subsidy.

Currently, although agencies are permitted now to charge their employees for parking, they are not permitted to retain the revenue they collect. The DOT proposal would enable agencies to retain parking revenue for the purpose of funding the subsidy.

In addition, the subcommittee received testimony from Kenneth Mead, Director of Transportation Issues of the General Accounting Office. Mr. Mead testified that, based on GAO's recently published study of this subsidy program, it appears to be a success. He indicated, however, that because agencies are currently required to fund the subsidy with their existing budgets, many agencies may

not be able to continue to offer the subsidy without the availability of alternative methods of funding.

Today, we will hear from representatives of Federal employee organizations, mass transit organizations, and environmental and commuter policy organizations. Their representatives will testify about both the current subsidy program and the Department of Transportation's proposed legislation. I would like to welcome today's witnesses and I look forward to hearing your testimony.

I would like to ask the Ranking Member, Ms. Morella, if she has any comments she would like to make at this time.

Mrs. MORELLA. Thank you. Thank you, Madam Chair. I am pleased to be here to participate in this important hearing on the Mass Transit Subsidy Program for Federal employees, which is due to expire on December 31st. I know this is the second hearing that we are holding on this issue. I am pleased that the administration supports the continuation of the existing program, but I would like to comment on my concern about adding additional elements to the program.

The first element is the limitation of the subsidy to mass transit users who participate in the program, limiting it to those areas that do not meet the national ambient air quality standards established under the Clean Air Act. I believe that areas that meet the clean air standard should be encouraged to maintain these standards. Just as we have seen that there is increased participation in the Mass Transit Program by providing a larger subsidy, $60 over the previous $21, I can envision that taking away the subsidy would only encourage employees to use transportation other than mass transit. And this could well be a contributing factor to pollution.

Secondly, I am concerned about the provision which links the extension of the program with charging up to market value for the now free parking spaces at some agencies. Although this may ease some of the financial burden from agencies, I can't see that this program would generate sufficient revenue to pay for the Mass Transit Subsidy Program. And as you have mentioned, Madam Chair, since the provision is permissive, it may also cause a great deal of disparity between agencies.

Federal employees may then be subject to uneven treatment. However, Madam Chair, I would recommend that the bill not be mired in the parking fee issue. I would recommend that this provision be decoupled from the reauthorization issue and be addressed separately.

I fully realize that agencies now have a limited amount of money that can be spent on programs such as mass transit. We must come up with some creative alternatives to funding. However, not making the program available may be just as costly in terms of remedial programs to abate pollution. Reauthorization of the Mass Transit Subsidy Program in making it permanent would be positive, I believe, for all regions. Increased user participation of mass transit would keep costs down for all mass transit users. And furthermore, Federal participation would bring the benefit to the same level as existing provisions for the private sector.

This is also a question of equity. Funding the program will help to shift behavioral patterns. There will be more participation in the

program. And as we know from the GAO report in October of 1992, the time of the GAO survey, at that time 18,545 employees participated in the program when the subsidy was $21. The Metropolitan Washington area had the largest number of participants, about 13,900. And now, a year after GAO gathered these statistics and since the Energy Policy Act of 1992 raised the tax free benefit to $60 per month starting January 1st, 1993, I am told that the participation in the Washington Metro area has reached nearly 22,000.

We must keep the momentum going. The program should be continued. As I had mentioned, there must be a shift in behavior so that there will be a higher rate of participation. I would advocate full use of flex-time by mass transit users. In this way more use could be made of the system during the off peak hours. This may enable mass transit companies to reduce the time between buses or trains headway, thereby making the system more efficient.

I also recommend that the program be extended to military personnel, just as it was extended to Coast Guard personnel in Public Law 102–241. And finally, I want to give some credit to Senator Mikulski from Maryland, who is the originator of the legislation which is now due to expire. She introduced the bill because the idea worked so well in Montgomery County, my district, the Fare Share Program, and I look forward to working with you, Madam Chair, to make sure that this vital program continues to work.

In addition to cutting down pollution by keeping cars off the road, we want to ensure that those who use the mass transit system out of necessity, the employees in the lower grades, are not harmed. I thank you, Madam Chair. Look forward to hearing from our witnesses.

Ms. NORTON. Thank you, Mrs. Morella. I would like to turn to our colleague, Ms. Byrne, for any comments she may have.

Ms. BYRNE. Thank you, Madam Chairman. I would like to take this opportunity to thank you for providing this informative series of hearings on the Mass Transit Subsidy Program available to Federal workers. I would also like to take this opportunity to express my appreciation to the individuals who have come to testify before the committee.

I believe everyone in this room would agree that we need to address the problem of nonattainment areas across this country. The fact that 25 localities find it difficult to attain these levels is due directly to their inability to unclog their roadways. Studies have shown that most people who commute to work do so by car, and that many of them drive alone. We all know that encouraging people to move away from single occupancy vehicles is the right approach to begin reducing our traffic problems and cleaning our air.

We also agree that by far the best approach is to encourage mass transit as an option for commuters. I support increasing mass transportation and I support offering subsidies for Federal employees to encourage them to take mass transit. What does concern me is that in haste to attain these goals, we are once again foisting upon Federal employees the responsibility that should be shared by all of us. I am asking Federal—by asking Federal employees to shoulder the burden of reducing traffic congestion, we are proposing once again they go it alone.

My greatest concern centers around the Federal employee for whom mass transit is not a viable alternative. Many Federal workers live in areas not adequately served by mass transit, and many Federal employees are in families with only one car and must drop off a spouse at a job or a child at school. Not to mention those who are doing their part by car-pooling, who will be charged the parking fees as single occupancy vehicles are charged in the DOT proposition. If we truly are serious about meeting clean air goals and encouraging people to leave their cars at home and rely on mass transit, we need to look at policies that do not solely affect Federal employees.

If we are willing to move forward on a policy that promotes mass transit, then we must be willing to include everyone in the process. I would like to thank today's witnesses in advance and I look forward to hearing from Federal employee groups, mass transit applicants, environmental and commuter policy organizations assembled here as we begin to shed additional light on this subject. And I also would like to second Mrs. Morella's idea that this reauthorization be dealt with separately from the parking fee issue. Thank you, Madam Chairman.

Ms. NORTON. Thank you, Ms. Byrne.

May I ask our first panel of witnesses to come forward? This panel includes Mr. Robert Tobias, President of the National Treasury Employees Union; Mr. Robert Keener, President of the National Federation of Federal Employees, Ms. Beth Moten, Legislative Director of the American Federation of Government Employees, and Ms. Carol Bonosaro, President of the Senior Executives Association.

Mr. Tobias, we will begin with you.

STATEMENTS OF ROBERT M. TOBIAS, PRESIDENT, NATIONAL TREASURY EMPLOYEES UNION; ROBERT KEENER, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES; BETH MOTEN, LEGISLATIVE DIRECTOR, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES; AND CAROL BONOSARO, PRESIDENT, SENIOR EXECUTIVES ASSOCIATION

Mr. TOBIAS. Thank you very much, Madam Chair. I appreciate the fact that you have scheduled this hearing on what I consider to be an extremely important issue. This act that we are presently considering was borne out of the Clean Air Act amendments of 1990. The Clean Air Act identified the automobile as the number one pollutant and reducing use of the automobile particularly for commuting as the number one method for reducing air pollution.

Acting on that strong public policy, Congress enacted the existing law which NTEU strongly urges be reauthorized. The recent GAO study reveals the act has achieved its objective. At least 21 percent of Federal employees who now have access to transportation subsidies switched to public transportation because of the subsidy. GAO also reported that the transportation subsidy enhances an agency's ability to recruit and retain employees and positively impacts on employees' morale.

In evaluating whether to reauthorize this act, we asked Congress to keep in mind that 45 percent of the current participants have a family income of less than $25,000 per year. These are the same

people who over the last decade have lost pay increases and whose health care benefits have decreased.

The administration has proposed permanent legislation which would allow payment of the subsidies in cities which do not meet the air quality standards established by the Clean Air Act and would allow agencies to charge for parking currently provided free of charge. It is my understanding that there are some 182 cities across the country that would qualify. Ideally, NTEU believes Congress should appropriate the funds for Federal agency participation.

We recognize with the current budget squeeze, however, that is unlikely. We recognize that it is unlikely that Congress will decide to pay for these transportation subsidies and therefore the current policies of allowing and paying for the subsidies on an arbitrary basis will continue. We can support the administration bill so long as we can bargain over how much agencies will charge for parking and the level of the transportation subsidy.

Negotiations between Federal agencies and exclusive bargaining representatives should be able to weigh issues such as what level of transit subsidy should be paid, should the transit benefit be available only to employees below certain salary levels, should parking fees be based on sliding salary scales as well, should transit subsidies be negotiated only in major urban areas or in all locations that mass transit is available and employees wish to participate?

In summary, NTEU strongly supports the reauthorization of the Federal Transit Subsidy Program. We look forward to working with your subcommittee to reauthorize a program that recognizes and clarifies the importance of negotiating transportation subsidy benefits, ensures that lower grade employees receive benefits first when the agency funds are limited, and requires that funds agencies may raise through parking fees are used only to fund transportation subsidies. Thank you very much.

[The prepared statement of Mr. Tobias follows:]

TESTIMONY OF ROBERT M. TOBIAS, NATIONAL PRESIDENT, NATIONAL TREASURY EMPLOYEES UNION

Madam Chairwoman, Members of the Subcommittee:

I am Robert M. Tobias, National President of the National Treasury Employees Union (NTEU). I appreciate your scheduling this hearing today to explore reauthorization of the transit benefit program for federal workers.

As you know, this popular and successful program came into being with the passage of the Treasury, Postal Service and General Government Appropriations Bill of 1991. For the first time, federal agencies were permitted to participate in transit benefit programs offered by state and local governments. As the General Accounting Office (GAO) reports in its recent analysis, at least 21 percent of the federal workforce with access to transit subsidies changed its primary means of commuting as a result of the availability of this benefit. It is generally agreed that if the benefit were even more widely available, an even greater number of federal workers would commute by mass transit. This goes directly to the heart of our Nation's goals of increasing the use of public transportation, lessening traffic congestion and the energy consumed by motor vehicles and improving air quality. Moreover, as participating agencies have reported, the availability of transportation subsidies enhances the agency's ability to recruit and retain valuable employees and is a significant factor affecting employee morale. Without reauthorization, most federal participation in the transit subsidy program will sunset on December 31.

The transportation subsidy program is an extremely popular employee benefit and I want to work closely with your Subcommittee to see that it is both reauthorized and strengthened.

As a result of the Energy Policy Act of 1992, federal agencies can provide transportation benefits up to $60 per month to their employees. Few federal agencies offer transit benefits at this level, with most participating agencies providing benefits at a rate of $21 per month. Although federal agencies recognize both the impact on the environment and the value to their employees of offering public transportation subsidies, many find they are simply unable to absorb the cost of providing even the $21 per month benefit out of their ever-shrinking pool of available resources.

According to GAO, agencies currently providing these subsidies do so by methods which require them to essentially "Rob Peter to Pay Paul." They take money from accounts intended for personnel benefits including such items as relocation allowances and employer contributions to health and life insurance, salaries, bonuses, travel, and even dollars intended for repair and maintenance of equipment. Despite the federal government's role as the Nation's largest employer and its stated commitment to a national transportation policy, federal employee transit subsidies are forced to compete with all other employee compensation and benefit priorities. Without new resources, agencies' abilities to absorb these costs in the future will become even more difficult.

Agencies are currently facing Presidential executive orders to reduce administrative expenses by three percent a year beginning with Fiscal 1994 and continuing through Fiscal 1997. This further tightening of federal dollars will make it even more difficult for federal agencies to begin new transit programs or offer higher benefit levels in the future. Without Congressional intervention, federal participation in this important program could become a casualty of the rush to cut administrative expenses.

When deciding the future of transportation subsidies, it is also important to look at who receives the most value from their availability. As the GAO has pointed out, it is federal employees at the GS–4 grade level and below who have the highest rate of participation. These are federal workers earning less than $20,000 per year. Moreover, 45 percent of federal employees with annual family incomes below $25,000 use agency transit benefits. Conversely, only 24 percent of employees with family incomes over $100,000 make use of the benefits. It is possible that these benefits may be a crucial factor in lower-graded employees' abilities to get to and from their federal positions. This deserves serious consideration during the reauthorization process. It is also not insignificant that the benefit reductions the federal workforce has faced in the past decade—including lost and delayed pay raises and increased health benefit premiums—have also fallen disproportionately hard on this same group of federal employees. Federal transit subsidy programs address a myriad of needs; it is essential that we recognize the program's value and provide the financial underpinnings for its continued operation.

The Administration has proposed legislation to make federal participation in transit benefit programs permanent. This proposal would provide federal agencies with the authority to charge employees up to commercial equivalent rates for parking and permit agencies to capture these dollars and use them to fund transportation subsidies. Additionally, the proposed legislation would restrict participation to areas that do not currently meet air quality standards established under the Clean Air Act. It is my understanding this encompasses most major metropolitan areas. I applaud the Administration for recognizing the transit subsidy program's value and recommending its continuation.

Ideally, NTEU believes the value of this program merits the appropriation of funds for federal agency participation. However, federal budgetary restrictions and national deficit reduction priorities make this option unlikely. Although less than ideal, NTEU is willing to negotiate with agencies where we represent employees to levy parking fees for the express purpose of funding transit subsidies.

The Federal Labor Relations Authority as well as the Federal Service Impasses Panel have upheld the negotiability of the payment of federal transit subsidies and have instructed federal agencies to bargain with employee representatives over this benefit. We believe that this can best be done on an agency by agency, location by location basis. By requiring negotiations between agencies and exclusive bargaining representatives, employees can be given more of a voice in deciding whether free parking, transit subsidies or a combination of the two benefits best suits their needs. As the GAO study points out, transit subsidy usage varies by locale—there is greater participation in the program in San Francisco than in Dallas for example. Negotiations between federal agencies and exclusive bargaining representatives should weigh issues such as what level of transit subsidy should be paid? Should the transit benefit be available only to employees below certain salary levels? Should parking fees be based on sliding salary scales as well? Should transit sub-

sidies be negotiated only in major urban areas or in all locations that mass transit is available and employees wish to participate?

Negotiations must take place on an individual agency location basis so that these specific issues can be addressed. For some agencies, even the imposition of parking fees combined with funds agencies currently use for transit subsidies may be insufficient to fund subsidies for all employees wishing to participate. NTEU believes it will be particularly important to address the needs of the lower graded federal worker first. Furthermore, special distinctions will need to be made for carpools. While it may not present an onerous burden to change a nominal fee for carpool parking, a policy that discourages this means of commuting would be a step in the wrong direction.

In summary, NTEU strongly supports the reauthorization of the federal transit subsidy program. If negotiated between individual agencies and employee representatives, the imposition of parking fees to fund mass transit subsidies can represent a wise use of scarce federal resources. We look forward to working with your subcommittee to reauthorize a program that recognizes and clarifies the importance of negotiating transportation subsidy benefits, insures that low-graded employees receive benefits first when agency funds are limited, and requires that funds agencies may raise through parking fees are used only to fund transportation subsidies.

Thank you for this opportunity to present our views concerning the reauthorization of this valuable employee benefit.

Ms. NORTON. Thank you very much.

Mr. KEENER. Madam Chair, distinguished members of the subcommittee, I am Bob Keener, President of the National Federation of Federal Employees. On behalf of NFFE I am pleased to present the views on the Mass Transit Subsidy Program serving Federal employees who commute to work via public transportation. NFFE represents nearly 150,000 workers in 53 government agencies across the country. Many of our members work in the large metropolitan areas that are the target of Federal efforts to reduce air pollution and traffic congestion.

The Clean Air Act amendments of 1990 mandate that States and large metropolitan areas comply with stringent standards for ozone, carbon monoxide and particulate matter emissions within a certain time frame. Through the increased use of public transportation in car and van pooling, the government can achieve its goals for cleaner air, less traffic and greater energy conservation. We believe the incentive approach established by the Treasury Postal Appropriations Act of 1991 is the appropriate mechanism for increasing the use of public transportation systems and we fully support the permanent reauthorization of the Mass Transit Subsidy Program.

Last week, the Department of Transportation proposed to charge Federal employees market rates for parking spaces in order to fund the continuation of the transportation subsidy program, as well as to increase the subsidy amount. NFFE supports efforts to improve air quality and traffic flow through the increased use of mass transit. However, we are concerned that the administration, through its proposal, has adopted a one-size-fits-all approach which does not account for the needs of differing agencies, employees or geographic locations.

The specifics of transportation subsidy programs should be negotiated with the unions at the appropriate level. In addition, the administration's proposal must be clarified in order to prohibit agencies from charging all Federal employees for parking, regardless of location, and then using the collected fees for purposes other than the subsidy program.

Finally, the government should provide similar transportation incentives for individuals who do not have access to public transportation but who do rely on car and van pooling. These individuals also contribute to improving air quality, traffic flow, and energy conservation.

We believe that the transportation subsidies should be fully negotiated at the local level. Our experience has been that such negotiations result in policies which accurately reflect the needs of the employees and their agencies in their specific geographic areas. Subjects which should be decided through negotiation include whether employees should be charged parking and if so how much, whether there should be waivers from the parking charges for disabled and those who live outside public transportation areas, whether single occupancy vehicles should be charged more than cars or van pools, and what if any compliance standards should be developed.

Additionally, where employees have many commuting options, they should be allowed to negotiate over the entire range of choices. For example, in the Washington, DC metropolitan area, services such as MARC, the Virginia Express, or car or van pools, contribute to achieving the administration's goals and should not be excluded from the Transportation Subsidy Program.

The administration has recommended that agencies charge commuters up to market rates for parking spaces which are currently provided free of charge. The money collected from these charges would then be used by agencies to fund the subsidy program. However, the administration's proposal does not require agencies to earmark their funds. Proposed legislation must contain language specifically prohibiting agencies from spending parking fees on anything other than transportation subsidies.

In addition, since only those employees in areas targeted by the Clean Air Act are eligible to receive the transportation subsidy, only those employees should be subject to parking charges should they choose not to use public transportation. Agency offices outside the metropolitan areas targeted by the Clean Air Act should be prohibited from charging for parking. In those areas, many employees have no other alternative but to drive to work. They should not be penalized for the lack of alternatives in their area.

In conclusion, providing transportation subsidies to employees encourages and increases the use of mass transit systems. We support the continuation of the current program with the caveat that such programs be negotiated locally with appropriate unions. In our view, this will enable agencies to create policies which reflect the commuting needs of their employees and the concerns of the administration. This concludes my testimony. I would be happy to answer questions. Thank you.

[The prepared statement of Mr. Keener follows:]

PREPARED STATEMENT OF ROBERT S. KEENER, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Madam Chair and distinguished Members of this Subcommittee, my name is Robert S. Keener and I am the President of the National Federation of Federal Employees (NFFE). On behalf of the NFFE, I am pleased to present our views on the mass transit subsidy program which serves federal employees who commute to work via public transportation. The NFFE represents approximately 150,000 federal employ-

ees in 53 government agencies across the country. Many of our members work in the large metropolitan areas that are the target of the federal efforts to reduce air pollution and traffic congestion.

The Clean Air Act Amendments of 1990 mandate that states and large metropolitan areas comply with stringent standards for ozone, carbon monoxide and particulate matter emissions within certain time frames. Through the increased use of public transportation and car/vanpooling, the government can achieve its goals of cleaner air, less traffic and greater energy conservation. We believe the incentive approach established by the Treasury-Postal Appropriations Act of 1991 is the appropriate mechanism for increasing the use of public transportation systems and we fully support the permanent reauthorization of the mass transit subsidy program.

In testimony before this Subcommittee last week, the Department of Transportation (DOT) proposed to charge federal employees market rates for parking spaces in order to fund the continuation of the transportation subsidy program as well as to increase the subsidy amount. The NFFE supports efforts to improve air quality and traffic flow through the increased use of mass transit. However, we are concerned that the Administration, through its proposal, has adopted a "one size fits all" approach which does not account for the needs of differing agencies, employees and geographic locations. The specifics of transportation subsidy programs should be negotiated with the unions at the appropriate level. In addition, the Administration's proposal must be clarified in order to prohibit agencies from charging all federal employees for parking, regardless of location, and then using the collected fees for purposes other than the subsidy program. Finally, the government should provide similar transportation incentives for individuals who do not have access to public transportation but who do rely on car or vanpooling. These individuals also contribute to improving air quality, traffic flow and energy conservation.

We believe that transportation subsidies should be fully negotiated at the local level. Our experience has been that such negotiations result in policies which accurately reflect the needs of employees and their agencies in specific geographic areas. Subjects which should be decided through negotiation include: whether employees should be charged for parking and if so, how much; whether there should be waivers from the parking charges for the disabled or those who live outside public transportation areas; whether single occupancy vehicles should be charged more than car/vanpoolers and what, if any, compliance standards should be developed. Additionally, where employees have many commuting options, they should be allowed to negotiate over the entire range of choices. For example, in the Washington, D.C. metropolitan area, services such as the MARC, the Virginia Express or car/vanpools contribute to achieving the Administration's goals and should not be excluded from the transportation subsidy program.

The Administration has recommended that agencies charge commuters "up to market rates" for parking spaces which are currently provided free of charge. The money collected from these charges would then be used by agencies to fund the subsidy program. However, the Administration's proposal does not require agencies to earmark their funds. Proposed legislation should contain language specifically prohibiting agencies from spending parking fees on anything other than transportation subsidies. In addition, since only those employees in areas targeted by the Clean Air Act are eligible to receive the transportation subsidy, only those employees should be subject to parking charges should they choose not to use public transportation. Agency offices outside the metropolitan areas targeted by the Clean Air Act should be prohibited from charging for parking. In those areas, many employees have no other alternative but to drive to work. They should not be penalized for the lack of alternatives in their area.

In conclusion, providing transportation subsidies to employees encourages and increases the use of mass transit systems. We support the continuation of the current program with the caveat that such programs be negotiated locally with the appropriate unions. In our view, this will enable agencies to create policies which reflect the commuting needs of their employees and the concerns of the Administration. Madam Chair, this concludes my testimony. I will be happy to answer any questions you may have.

Ms. NORTON. Thank you.

Ms. Moten is next.

Ms. MOTEN. Madam Chair and subcommittee members, my name is Beth Moten. I am the Executive Director of the American Federation of Government Employees, AFL–CIO. On behalf of the more than 700,000 Federal workers our union represents, I thank

you for the opportunity to testify today on the issue of public transportation subsidies.

In the interest of time, Madam Chair, let me say that AGFE strongly supports the continuation of the Transit Subsidy Program. We are generally suspicious of zero sum solutions such as the DOT proposal to pay for the subsidies by charging for parking if such proposals are imposed unilaterally by management. However, AFGE is confident that if management is required to bring such proposals to the collective bargaining table, our locals and councils will negotiate in good faith to ensure a fair outcome for affected employees.

This concludes my oral statement. I will be happy to answer any questions.

Ms. NORTON. Thank you.

[The prepared statement of Mr. Sturdivant follows:]

PREPARED STATEMENT OF JOHN N. STURDIVANT, NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL–CIO

Madam Chair and members of the Subcommittee: My name is John Sturdivant and I am the National President of the American Federation of Government Employees, AFL–CIO. On behalf of the over 700,000 federal employees throughout the government our union represents, I thank you for the opportunity to testify today on the issue of public transportation subsidies for federal workers.

AFGE supports the provision of subsidies for federal workers who use public transportation because the subsidies serve as a valuable form of compensation. In many urban areas, public transportation costs individual consumers more than private transportation. These "private" or "individual" costs do not reflect the relative social costs of the alternative forms of transportation, thus AFGE supports efforts to minimize the "social" costs of private transportation, such as air pollution, ozone depletion, traffic congestion, and highway maintenance through the expansion of the public transit subsidy program.

The General Accounting Office (GAO) study of the program's operation found that the subsidies were successful in encouraging significant numbers of federal employees who might otherwise have used private transportation to ride public transportation. Thus, in the relatively few agencies where the program has been in operation, it has been successful in changing the commuting behavior of some federal employees. AFGE believes that in cases where public transportation is accessible to both the locations where federal employees work and live, every effort should be made to expand the operation of the subsidy program. This is because according to the GAO study, cost is indeed an important factor in the choice of which mode of transportation federal employees use, when a variety of transportation options are available.

The biggest shortcoming of the current program, and one which is repeated in the proposed Department of Transportation (DOT) legislation to make the program permanent, is the lack of funding. Congress has not funded the transit benefit program, forcing agencies to absorb the entire cost of its operation. This lack of funding was cited by over 60 percent of nonparticipating agencies as the reason why they had no such program.

The DOT proposal continues the current policy of failing to appropriate any funds for the transit subsidy program. It advocates allowing agencies to begin to charge federal workers for employer-provided parking services at rates up to those charged commercially for similar services. AFGE opposes this attempt to force one group of federal workers to finance a benefit for another group.

Parking services, like public transit subsidies, are a form of non-cash compensation that is valued by federal workers and managers alike. Both are cited as useful means of improving the federal government's recruitment and retention efforts, and as effective ways to raise overall morale. Workers do not like to start the workday by paying out $5 to $10 in commuting costs, yet that is what it costs to get to work in many urban areas. AFGE believes that there is no good reason why the government should not fund both alternatives, since both have valid and independent justifications.

The GAO's analysis of the proposal to fund the transit subsidy program by raising parking service rates for federal employees shows that this would be an insufficient

source of revenue for a meaningful expansion of the program. In order for the public transit program to have a real environmental impact, large numbers of federal employees must participate. But some federal employees will need to continue to commute by automobile regardless of the cost. There are practical situations that financial incentives cannot influence and which should be taken into account as the wisdom of eliminating parking service benefits is evaluated.

Cost and the accessibility of public transportation are but two of the factors that influence commuting decisions. As mentioned above, workers' individual circumstances often require use of a private automobile to commute to work. Family obligations, involving transporting children to and from school, daycare, and other activities may necessitate a parent's access to an automobile. In other cases, public transportation may be convenient to a federal worksite, but not to the places where federal workers live.

The Washington, DC metropolitan area provides a good example of both of these types of situations. The area has the nation's highest percentage of households where both adults are employed out of the home. In many instances the federal government as an employer has recognized the peculiar problems workers in these situations face, and has been supportive of various forms of scheduling flexibilities to accommodate them. AFGE believes that parking subsidies should be viewed in this context.

The provision of subsidized parking services provides an important financial and practical source of flexibility that allows many federal workers to combine work and family successfully. For those who depend upon it, the ability to park at work at economical rates is as important to holding the family-work schedule together as flex-time or other similar programs.

Washington also illustrates the problem of discontinuity in convenience of public transit access. While most federal worksites in the metropolitan area are accessible to public transportation, one look at the boundaries of the Washington-Baltimore locality-pay area (which is based on federal worker commuting patterns) shows that public transportation systems are not at all convenient to large numbers of federal workers's homes.

The fact that so few federal employees have had the opportunity to participate in the transit subsidy program demonstrates clearly that it will not achieve its environmental goals without adequate funding. The federal government needs to decide whether the public transit subsidy program is worthwhile in its own right, as an enhancement to federal compensation for recruitment and retention purposes, as a means to reduce urban traffic congestion and air pollution, and to serve as a positive model for other employers. If the Department of Transportation decides, as AFGE believes it should, that the program has these merits, then it should propose not only its continuation and expansion, but adequate funding as well.

Zero-sum solutions such as the one proposed by the Transportation Department are not constructive because they set one group of federal employees against another. Both sides have legitimate claims, and both have been recognized as such by agency managements. For some agencies and their workers, compromises on the allocation of commuting subsidy resources may be possible.

In these cases, collective bargaining would be the most effective procedure for resolving the issue. If separate allocations must be made, we believe that the workers who would be affected directly should have their say through the collective bargaining process. Collective bargaining would allow the factors which vary by locality and demographics to be weighed on a case by case basis and voted upon by the workers who would feel the effects.

In conclusion, AFGE supports the continuation and expansion of the public transportation subsidy program, but opposes the Department of Transportation's proposal to fund it through raising rates for employer-provided parking services. We believe that the subsidy program offers a valuable form of federal employee compensation, and would prove effective in improving the government's efforts to recruit and retain a high quality federal workforce. We also believe that the program can be effective in encouraging an increased use of public transportation, and in the long run will help pay for itself by decreasing the costs of traffic congestion, environmental degradation, and highway maintenance. If you or the members of the Subcommittee have any further questions, I will be happy to respond.

Ms. NORTON. Ms. Bonosaro.

Ms. BONOSARO. Madam Chair, I am Carol Bonosaro, President of the Senior Executives Association and we appreciate the opportunity to testify today. We do support the continuation of subsidies

for mass transit users who are Federal employees, but not at the expense of other Federal employees or their coworkers.

This proposal is especially troublesome in a time when Federal employees are increasingly being asked to give at the office as well as in their capacity as taxpayers. Although a well-intentioned proposal, the current plan to continue the subsidies simply increases the benefits for one group of Federal employees to the detriment of another.

By increasing the charges for the parking spaces, these Federal employees are being asked to provide benefits for, in some cases, as GAO has noted, as few as 3 percent of their coworkers. The plan not only asks Federal employees to bear another burden, but it also penalizes, as committee members have noted, a large component of Federal workers for whom mass public transportation is simply not a viable option. Agencies which offer spaces typically appropriate them to the physically challenged, to car-pools, and to executives, both career and political, for good reasons.

While in recent years laudable attempts have been made to upgrade or to improve the accessibility of the physically challenged to places of work, unobstructed and convenient access to office space remains paramount for their ability to achieve what most of us take for granted.

Another segment of the work force, working families, require the use of cars for easy access to their children, not to mention financial ramifications attendant to the use of day care. Those who live outside of major downtown areas, outside of the metropolitan transit net, often rely on car-pools to save financially, but also because public transit is not easily accessible. And we must recognize that a substantial portion of the Federal work force is located outside of major metropolitan areas, where public transit is simply not an option.

In addition, GAO has noted the potential of discouraging the activity that Federal policy seeks to encourage, if car-pools lose government subsidized parking.

If the charges are too high, as GAO notes, Federal employees may simply choose to park elsewhere, diminishing the effectiveness of the charges as a revenue source and resulting in underutilization of existing parking facilities. This example strengthens GAO's assertion that parking charges are an impractical source of revenue when the amount of parking an agency controls is small relative to the number of people it employs.

We must recognize that many Federal agencies have no or very limited parking for employees. If employees were to abandon such spaces due to increased costs, Federal Government operation of commercial parking at Federal buildings with high security requirements such as the Department of Energy is not a viable option. Spaces don't have a commercial value, per se, because no other market exists for the parking spaces which were incorporated in and around Federal buildings for good reason.

Increasing employee parking charges makes as much sense as installing coin-operated stalls in rest rooms for Federal employees, though I recognize the danger of making that observation within ear shot of overzealous deficit cutters. The segment of the Federal work force, career, and political executives, whose jobs require long

hours and irregular schedules are not well-served by mass transit. And the GAO report indicated that parking charges may be detrimental to agency operations, since 90 percent of the responding agencies that provided employee parking agreed that parking provided to executive personnel was essential to agency operations. For all of those Federal employees who are typically provided parking at low rates, including the handicapped, car-poolers, and executives, public transit is not a practical alternative.

And of constant and increasing concern in the Washington Metropolitan area, unfortunately, is the issue of security. Access to a controlled parking lot enhances personal security which has proven to be an area of concern in some Federal office spaces.

To cite an example, I would like to submit for the record the Environmental Protection Agency memorandum which was circulated to all employees as a security alert. At EPA, low-cost, on-site parking enhances employees' personal security.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY,
Washington, DC, 20460, September 24, 1993.

SUBJECT: Security Alert
FROM: Rich Lemley, Director Facilities Management and Services Division
TO: All Employees

I am writing to call your attention to an increasingly dangerous situation in the neighborhoods to the east of Waterside Mall. Last week, several local residents were victims of a drive-by shooting. Although we have not been notified that any EPA employees have been affected, the First District of the Metropolitan Police Department has advised us that gun-related incidents are increasing in number. Consequently, parking in the Delaware Avenue neighborhood is placing EPA employees at risk of becoming unintended victims of crime.

My staff has been working closely with the Metropolitan Police Department in a variety of efforts to reduce EPA employees' vulnerability to crimes in the immediate vicinity of Waterside Mall. Although the police have stepped up their neighborhood patrols, this effort cannot guarantee the safety of those who may fall victim to acts of random violence.

We recommend that employees avoid the neighborhoods east of Waterside Mall. If you are not a member of a carpool, take advantage of the Waterside subway station or park your car in a controlled parking lot. Cars may be moved into the EPA garage after 4:30 p.m. even if you are not a member of an EPA carpool. When leaving the building in the late afternoon, walk with a friend or call Guard Control at 260–5040 for an escort within a one-block radius of Waterside Mall.

If you are able to join an existing carpool or are interested in forming a new carpool, the Transportation Management Staff is available to assist you. Parking permit applications, lists of existing carpools organized by zip code, and information regarding commercial parking facilities in the vicinity of Waterside Mall are available at the Facilities Service Center. For more information, call Ann Linnertz, Chief of the Security and Property Management Branch, at 260–2110.

We agree with GAO's testimony and others which seek to illuminate additional sacrifices demanded of Federal employees as we seek to cut the deficit and weigh competing funding demands. The Federal work force should not be required to contribute to the achievement of another policy goal which should be pursued on its own terms. Thus the association supports the idea of subsidizing mass transit users, in an attempt to come to terms with the growing pressures of metropolitan congestion and pollution. However, the government must provide the needed funds without sacrificing and restricting one segment of the work force for the benefit of another.

In that regard, we support Representative Morella's suggestion to decouple the parking issue from reauthorization. Thank you.

[The prepared statement of Ms. Bonosaro follows:]

STATEMENT OF CAROL A. BONOSARO, PRESIDENT SENIOR EXECUTIVES ASSOCIATION

Madame Chairwoman and members of the Subcommittee, I welcome this opportunity to testify on the Administration's proposal to continue the existing transit benefit program for federal employees. The Senior Executives Association, a nonprofit organization representing the career federal executive corps, supports the continuation of subsidies for mass transit users, but not at the expense of other federal employees or co-workers.

This proposal is especially troublesome in a time when federal employees are increasingly being asked to "give at the office" as well as in their capacity as taxpayers. We must reluctantly conclude that, although a well intentioned proposal, the current plan to continue mass transit subsidies simply increases the benefits for one group of federal employees to the detriment of another. In testimony, the General Accounting Office has stated that 71% of those who responded to the GAO survey use the government subsidized parking spaces. By increasing the charges for their parking spaces, these federal employees are being asked to provide benefits for, in some cases, as few as 3% of their co-workers.

The proposed plan not only ask federal employees to bear another burden, but it also penalizes a large component of federal workers for whom mass public transportation is simply not a viable option. The agencies which do offer spaces typically appropriate them to the physically challenged, to carpools, and to executives, both career and political, for good reasons.

While in recent years laudable attempts have been made to upgrade or to improve the accessibility of the physically challenged to places of work, unobstructed and convenient access to the office space remains paramount for their ability to achieve what most of us take for granted, namely, getting to work. Another segment of the federal workforce, working families, require the use of cars for easy access to their children, not to mention the financial ramifications attendant to the use of daycare and/or baby-sitters. Those who live outside of a major downtown area, in areas outside of the metropolitan transit net, often rely on carpools to save financially, but also because public transit is not easily accessible. And we must recognize that a substantial portion of the federal workforce is located outside of major metropolitan areas, where public transit is simply not an option. In addition, the General Accounting Office report has noted the potential of "discouraging an activity that federal policy seeks to encourage" if carpools lose government subsidized parking.

GAO continues by stating if the charges are too high, federal employees may simply choose to park elsewhere, "diminishing the effectiveness of the charges as a revenue sources and resulting in under utilization of existing parking facilities." This example strengthens the GAO report's assertion "that parking charges are an impractical source of revenue when the amount of parking an agency controls is small relative to the number of people it employs." The report also goes on to say that, "many federal agencies have no or limited parking for employees—for example, some agencies provide parking only for top agency officials or senior executive personnel."

Federal government operation of commercial parking at federal buildings with high security requirements (such as the Department of Energy) is not a viable option if employees abandon such spaces due to increased costs. The spaces don't have a commercial value per se because no other market exists for the parking spaces, which were incorporated in and around federal buildings for good reason. Increasing employee parking charges make as much sense as installing coin operated stalls in rest rooms for federal employees, through I recognize the danger of making this observation within earshot of overzealous deficit cutters.

This segment of the GAO workforce, career and political executives—whose jobs require long hours and irregular schedules—are not well served by mass transit. The GAO report indicated that parking charges may be detrimental to agencies' operations, in fact the report cited that, "90% of the responding agencies that provided employee parking agreed that parking provided to executive personnel was essential to agency operations." Executives already are penalized by the tax code which taxes as income parking subsidies above a certain floor. For all of these federal workers who are typical provided parking at low rates—the handicapped, carpoolers, executives—public transit is not a practical alternative.

Of constant and increasing concern in the Washington, DC metropolitan area, unfortunately, is the issue of security. Access to a controlled parking lot enhances per-

sonal security which has proven to be an area of concern in some federal office spaces. To cite an example, I would like to draw your attention to the security alert memorandum circulated at the Environmental Protection Agency to all employees. Unfortunately, the controlled parking spaces offered by Metro are extremely limited and can not (often due to residential zoning restrictions) increase sufficiently to meet the demands of additional mass transit riders.

We agree with the GAO's testimony which illuminates additional sacrifices demanded of federal employees as agencies weigh competing funding demands. The freeze in comparability pay for 1994 directly detracts from federal employees economic stability, especially if locality pay is not authorized, or if it does not extend to all federal employees. The impact of downsizing places a strain on morale for federal workers as little guidance exists on how and when these separations shall commence. And the potential changes in the Federal Employees Health Benefit Program (FEHAP) may require federal employees, once again, to receive less.

The proposed plan asks federal employees to forgo once more. The federal workforce should not be required to contribute to the achievement of another policy goal which should be pursued on its own terms. The Senior Executives Association supports the idea of subsidizing mass transit users in an attempt to come to terms with the growing pressures of metropolitan congestion and pollution; however, the Federal government must provide the needed funds without sacrificing and restricting one segment of the federal workforce for the benefit of another.

Madame Chairwoman, this concludes my testimony. I would be pleased to respond to any questions from you or other members of the Subcommittee.

Ms. NORTON. Thank you, all of you. When you indicate that the matter should be decoupled, let us assume decoupling occurs, then what?

Ms. BONOSARO. Decoupling in the sense of not making this as what AFGE has suggested is a zero sum game.

Ms. NORTON. I want to know very specifically, let us assume that the matter has been decoupled. What then do you recommend?

Ms. BONOSARO. That the agencies continue as they have been. I think that the parking systems they have had have worked. They have the authority now to increase their rates if they wish, to charge accordingly, and——

Ms. NORTON. There is no reason to decouple. Because if all you are saying, if you just continue to do what you are doing, then what is the point of having—once it is coupled in this legislation, though, in the sense that it is seen as the source of revenue for the subsidy.

So decoupling is a way of saying don't do what the proposal indicates, in other words, to keep the status quo.

Ms. BONOSARO. What we are suggesting is that the subsidy be dealt with on its own terms in terms of determining funding that does not have to come from another transportation source.

Ms. NORTON. That is what I am trying to move—this is for all of you. That is what I am trying to move to. And that is if the funding, if no part of the funding is to come from parking fees. If this is decoupled, and agencies don't have the funds, then have you any suggestions as to where the funds would come from? Agencies are under—let me put it to you at least as realistically as I can.

One might argue that at the very least, to begin this program by asking agencies to take out of appropriated funds, which didn't have this in mind for being used in the first place, and yet some of these agencies have in fact been able to do subsidies. This year may go down in history as the great deficit reduction year. That may mean that the agencies faced with Hobson's choices, take this program and throw it overboard.

I am asking for your suggestions for other ways to fund this program if you say that parking fees should not be used, even permissively, for that purpose.

Ms. BONOSARO. We don't disagree with using them permissively. But I want to point out that there are agencies—I spent 20 years of my work life in an agency, the U.S. Commission on Civil Rights, which had absolutely no parking for any employees, including the agency head. So how that agency, for example, will fund their mass transit subsidy, is going to be an issue for them whether or not parking fees are linked to this. They don't have parking fees.

Ms. NORTON. Therefore, I mean——

Ms. BONOSARO. Well, I am suggesting it presents a problem in and of itself to agencies which don't have parking fees.

Ms. NORTON. But you raise a very interesting question. There are agencies that don't give their employees free parking, like the Civil Rights Commission, so they are at a disadvantage relative to your other members. Some of your members get free parking because they happen to work in an agency where there is free parking. You have just indicated that there are agencies that have no free parking, so those members have no opportunity to take advantage of the free parking.

At least with this subsidy, perhaps one could look to other places where parking might be available in the neighborhood.

Ms. BONOSARO. But that is not to argue against the subsidy, that is only to suggest that funding is an issue that many agencies are going to have to address even with the bill. We simply believe that looking to increase parking fees as the solution to fund these subsidies is not appropriate. And we will be glad to come back to you.

Ms. NORTON. Let me ask all of you sitting at the table, because I understand all of you have argued they are not appropriate, I can understand why. I try to take a problem-solving approach to a problem.

If, in fact, we face the possibility that agencies may have to jettison what is seen as a successful program, I am asking for your suggestions as to other ways to fund these subsidies, besides parking fees, assuming the parking fees were to be chosen by the agency.

Mr. TOBIAS. Madam Chair, I don't think there is any other way. And that is precisely why we were urging what we urge. We believe that the collective bargaining process will result in more people receiving subsidized opportunities for mass transit if we can raise some fees from the free parking that is currently provided.

It seems to me that the national policy, which is enunciated in the Clean Air Act, is to reduce the number of people who drive personally owned vehicles and to transfer those rides to mass transit. We believe that if agencies—if we can negotiate the fees and that those fees can't be used for any other purpose than for mass transit, that we will have more people riding mass transit as a result of this legislation than we have today.

Ms. NORTON. So you think it is possible that in some agencies if this were bargainable, and I have a question about that as well, but if this were bargainable, that you could have some agencies with some schemes of fees that——

Mr. TOBIAS. Yes.

Ms. NORTON. Could then be used for others?

Mr. TOBIAS. Absolutely, that is our position. That is precisely our position, Madam Chair.

Ms. NORTON. This is not bargainable now? Go ahead, Mr. Keener.

Mr. KEENER. It is currently bargainable in most contracts. At least the contracts that we have negotiated, parking has been negotiated, not on a cost but on an allocation basis.

Ms. NORTON. What do you mean by that?

Mr. KEENER. In other words, how many spaces everyone gets is negotiable. Whether or not there is a charge to them, to date we have not been faced with.

Ms. NORTON. But it would be bargainable under the present law?

Mr. TOBIAS. The setting fees is not bargainable, and the agency using those fees for the purpose of mass transit is not allowable. That is what this legislation proposed by the Department of Transportation would allow.

Ms. NORTON. But I am trying to—all right. Right now——

Mr. TOBIAS. We don't bargain rates.

Ms. NORTON. Is that a matter of law?

Mr. TOBIAS. Matter of interpretation by the Federal Labor Relations authority, that is correct.

Ms. NORTON. And so you are saying that in order to bargain this legislation would have to expressly authorize it?

Mr. TOBIAS. That is what we are urging; that is correct.

Ms. NORTON. In order to bargain, then, in effect you need what this legislation calls for, you need the option on the part of the agency to retain the fees for itself.

Mr. TOBIAS. That is correct.

Ms. NORTON. We are almost there.

Mr. TOBIAS. Oh, yes.

Mr. KEENER. We don't see it as an option. We see it as mandatory, that they keep——

Ms. NORTON. Yes, right. Right now these—if an agency charged fees, it would go into the Federal Treasury, which is obviously nonsensical if we are talking about economic incentives. I can't imagine why—this is part of what reinventing government is all about. So that if we did what this legislation proposes, we still have permissive legislation. No agency would be required to charge parking fees, but it would be necessary for the legislation to say they could retain the money in their budget and then the agency would be allowed to bargain with the employee organization. And all of you are for that.

Mr. KEENER. Yes.

Ms. MOTEN. That is correct.

Ms. BONOSARO. I am not 100 percent certain that we are for that, Madam Chair, because I think that reinventing government, the thrust certainly that we have supported, requires giving a great deal of flexibility to the agencies. And it may be entirely possible that there are savings in a variety of places which can fund the subsidies. Obviously, a number of agencies, including DOT, have done that already and they have done that without increasing the parking fees, so that I think our point of view is that the system seems to be working with the exception of enabling the agencies to

keep the fees, and certainly we don't object to that and we support it.

Ms. NORTON. Well, it is quite remarkable that some agencies have gone ahead even though they couldn't keep the fees. I must say that we were astounded at how spotty participation has been. You have participation in the Washington Metropolitan area way out of proportion to other areas.

By the way, do any of you have any ideas on why participation in the Washington Metropolitan area is greater than in other areas?

Mr. KEENER. If you have driven 95 coming in in the morning, you see one reason.

Ms. NORTON. You think that is so much worse than other parts of the country?

Mr. KEENER. The volume of traffic.

Mr. TOBIAS. I think that it has to do, Madam Chair, with the fact that decision makers, those who would decide on robbing Peter to pay Paul, as GAO says, live in Washington, DC. They don't commute in San Francisco where commuting time is the same as it is in Washington or other problem areas. I think that is why there has been a focus of funds in Washington, DC and not in other areas. We think that the bargaining process will allow us to bargain locale by locale, and that will have a significant impact on increasing the number of people who are involved in this mass transit subsidy.

Ms. NORTON. You have mentioned, several of you have mentioned families with children, which is something that everyone, that would make almost all of us understand what you meant. One would conceive of a scheme whereby families with children who could document the need could get an exemption or be charged at some lesser rate. Would that be a conceivable scheme?

Ms. MOTEN. Madam Chair, I would simply like to say that I think that is one of many proposals which might come up at a collective bargaining table. It is possible, as President Keener also mentioned, that the criterion might be how close do you live to public transportation. It also might be coming up in terms of what is the employee's income. I think all of those are possibilities as local officials try to hammer out an arrangement with management.

Ms. NORTON. You probably know as well as anybody from your contact with your members what kinds of nonmonetary incentives government employees most value. Can you think of any nonmonetary incentives that agencies could provide in order to increase participation in the subsidy program?

Ms. MOTEN. Well, Madam Chair, I know that the possibility of extra time off has arisen. I don't—I am not a government accountant. I do think that the Congressional Budget Office might not score that as being nonmonetary, but certainly I think employees would value that.

Mr. TOBIAS. We have attacked the problem of commuting by working on flex-place issues and flex-time issues. But that doesn't translate into more people using mass transit. It does satisfy the other objective of reducing the number of trips in privately owned vehicles, but it doesn't get at the question you raise: How to stimulate more people to use mass transit.

Ms. NORTON. I am sorry, what is flex-place?

Mr. TOBIAS. Flex-place, well, people are provided with computers primarily at home and do, say, three or four days a week, do their work at home, and then commute into the office one day a week to meet with their colleagues.

Ms. NORTON. Mr. Keener, you had an answer as well.

Mr. KEENER. Preference, Madam Chair, in slots at day care, for instance, for users of public transportation is something that would certainly be applicable in certain local situations. I don't think you could do it across the board, but it is the kind of thing that would come forth in a brainstorming session at some locals where there is day care available. You could cut down immensely on the number of privately owned vehicles on the road if those people who would use public transportation could have first slots in day care centers.

Ms. NORTON. The nexus is very clear there, you bring the child with you on public transportation, you deserve to have some preference to leave the kid someplace. And I would like to pursue this notion of incentives further. Are there incentives for car-pooling? You spoke of what looks like a disincentive, at least in some sense, although I guess if you paid, you would only pay for one person, even though there would be a number of people. But are there specific incentives for car-pooling?

Mr. TOBIAS. In some locations and in some agencies, some of the current free spots are allocated to car-pools. It is not——

Ms. NORTON. Why wouldn't they be allocated to car-pools if they are allocated to other cars?

Mr. TOBIAS. Well, if an agency says all top level management officials will receive the spaces, then there aren't any spaces for car-pools. If the agency says, okay, only half of these officials will receive guaranteed places, guaranteed parking places, and the balance of the spaces will be allocated to car-pools or people with three people in the car-pools, then that occurs. But that is on an agency-by-agency basis and agency-by-agency determination.

Ms. NORTON. You raise an interesting question. When there is free parking at an agency, does that necessarily mean that everybody that works for that agency gets free parking?

Mr. TOBIAS. Absolutely not. Absolutely not.

Ms. NORTON. What is the usual result?

Mr. TOBIAS. Well, it varies in locations. In most agencies, the higher——

Ms. NORTON. What percentage of the employees are likely to get free parking at a typical agency, I suppose, is what I am really asking.

Mr. TOBIAS. Well, in Washington, DC, very few. In some of the places in smaller locations and in cities where parking spaces are not at such a premium, bargaining unit employees do get free spaces. But it is—it depends on the city. In this town, very few people do.

Ms. NORTON. What schemes are used to allocate scarce free parking spaces? Is it seniority, is it something else?

Mr. TOBIAS. Management controls the number of spaces and then once they say, ok, we are going to have three or four places available to the bargaining unit, then you bargain over how those three

or four spaces are allocated. But the initial determination of how many of the spaces will be for the management folks and how many for the bargaining unit folks is made by the managers.

Ms. NORTON. You seem to indicate that most spaces go to management.

Mr. TOBIAS. In Washington, DC, that is for sure.

Mr. KEENER. Madam Chair, in those locations that I am familiar with, that is generally the system. It is parking spaces are oftentimes allocated by grade or by position. If you are an Assistant Director, you have a slot. Below that, you may or may not have a slot, depending on the number of slots.

In Denver, for instance, at the Federal Center, I think, there is enough parking space for everyone at the location. Certainly in Washington, DC, that is not the case. And generally those spaces are allocated by grade level or by position.

Ms. BONOSARO. There are also requirements, and I am sure you would agree, for allocation for handicapped employees, as well as car-pools. And the obvious reason for managers is because of irregular hours and requirements for them to be available at odd times when public transportation may not be an option, working late and so on.

Ms. NORTON. Increasingly, one sees, as I listen to you, very different circumstances across agency lines or across facility lines, that make gross rules perhaps unsuitable for all situations.

Mr. Keener, you indicated that there should be incentives for those who do not have access to public transportation. I didn't know what you meant by that.

Mr. KEENER. If, in fact, you are going to have people driving in, if they don't have access to public transportation, adding the incentive of car-pools, and in this city, of course, the HOV lanes, stopping at the slug lines is an incentive to be able to use the HOV lanes. What the agency could do in this respect, I am not sure.

If you are a car-pooler, obviously you can gain certain incentives. Time frames, for instance, you would have first slot if in an agency or in a shop where there is flex time, the people with car-pools obviously get to leave at a specified time. They get to set their times first. That is an incentive in some cases. Broadening that, again, I would see this happening at a negotiation session or at a brainstorming session at the local level.

What else could be offered? Because the situations vary so much from places where there is absolutely no parking to where the only problem is quality of the air standards. Denver, for instance, I think, suffers from many bad days of air. But there is very little car-pooling simply because of the culture of the area and the fact that they are spread out, much as we are here, with very little public transportation. But some incentive to meet the Clean Air Standards Act may be necessary if they are willing to either use public transportation or car-pooling. And also——

Ms. NORTON. You are not suggesting that there should be subsidies for car-pooling, are you, other incentives for car-pooling?

Mr. KEENER. No.

Ms. NORTON. All right. In an era where almost everybody pays for parking, unless you happen to be some government employees, assuming that free parking or that subsidies, for that matter, were

available, should there be a distinction made between lower grade employees and those who earn higher wages?

Ms. MOTEN. Madam Chairman, AFGE would certainly argue that there should be a distinction made. Exactly where that distinction should fall I think would be best determined at the bargaining table.

Mr. TOBIAS. We support that position as well, Madam Chair. We think that those distinctions ought to be made, particularly when we see who uses the subsidies today. Forty-five percent of those have household incomes of less than 25,000.

Ms. NORTON. Say that again.

Mr. TOBIAS. Forty-five percent of those who use the—who use the current program have household incomes of less than $25,000 a year. So they are Grade 4s, basically.

Mr. KEENER. We agree with that, Madam Chair.

Ms. BONOSARO. Madam Chair, I think it is not that terribly unusual in private industry where there is space, for example, around a plant, for employees to have free parking. So I don't think it is that much of an anomaly.

Ms. NORTON. In cities you think it is not unusual to have free parking? We in Washington go to the suburbs to shop often only because there is free parking. Now, we are obviously talking about where there is scarce space in cities like Washington, people travel long distances.

Do you know of any employers in this city that give free parking?

Ms. BONOSARO. I was not confining myself to this city, but rather to Federal employees, workplaces generally. Now, what I was going to suggest to you is that I think with regard to setting a sliding scale based upon income, unfortunately we all know what we are talking about. We are talking about senior executives, ergo, who should pay the maximum.

The problem with that is therefore they should pay a price related to the demands placed upon them by their jobs. That doesn't seem reasonable to me, and I can spin that out further because unfortunately when one looks at their income level, it is hard for many to understand why that presents a problem. But it does, because it is not at all unusual for people in their age range to have several children in college simultaneously, and because of their income, they are not eligible for the kind of financial aid that other folks are. So, in fact, there are indeed senior executives who are, amazingly enough, strapped for cash.

I don't think they ought to have to pay a price in order to be available at their jobs as they are demanded to be very often.

Ms. NORTON. Well, I wanted to finish my round of questions before we went to vote, and I would like to, when we return, to ask the Ranking Member to resume with her questions. Take a recess.

[Recess.]

Ms. NORTON. Ms. Morella hasn't returned. I am going to move to Ms. Byrne.

Ms. BYRNE. Thank you, Madam Chairman. On this issue of funding, I believe my memory serves that the DOT officials said that currently the agencies that are using this, use this as kind of tucked in their personnel costs, or as a separate line item. That stands on its own as a transit subsidy. And I was wondering if, you

know, during this whole NPR debate we have talked about using year-end savings for bonuses. We have talked about using year-end savings for awards, cash awards.

Is there any reason that year-end savings, if we are going to give incentives for agencies to save money, couldn't be used to finance something like mass transit subsidies?

Mr. TOBIAS. I don't think there is any conceptual reason why that couldn't happen. There is none. There is, of course, a question of whether Congress will allow agencies to keep 50 percent of year-end savings, but that aside, there is no conceptual reason why the savings couldn't be used for that.

Ms. BYRNE. Great. My memory is that last night when Mr. Hoyer gave his conference report, it did have 50 percent year-end savings for such things as bonuses and cash awards. So maybe we ought to take a look at that. The other thing is that when we talk about—we keep changing focus from cities to non attainment areas, and certainly a place like Washington or Denver, it is more than just the city that is in the nonattainment area.

We have places that I am familiar with out in Reston, for example. There is several Federal facilities out there that have, as most facilities out there, all unpaid parking, large parking lots. So this would be something for them, they work for the Federal Government, they have had free parking, and now they won't, but their neighbor who is there for a private company, or for a local government, will have free parking, regardless of what we do here. Is that pretty much where you see it happening?

Mr. TOBIAS. Well, I see that certainly as a problem. I see that as possible, just like today there are many Federal employees who pay for parking in parking facilities next to private buildings where their colleagues are getting the parking for free, paid for by the employer. I think the issue is how do we—how do we solve the problem of encouraging people to use mass transit, or in the alternative, if mass transit isn't available, to use car-pooling and other ways of reducing the number of rides that are currently in use. And that is why I think the best way to make those decisions is in the context of those people who know the issues best deciding them best in the context of discussions in bargaining.

Ms. BYRNE. Well, I will also just point out that, Madam Chair, we talked about everybody pays for parking in the city, but there is a lot of lawyers on K street who don't pay for parking that I know of, and there is people who serve in Congress who don't pay for parking. And there seem to be a number of people who get compensated by their employer as a benefit, as free parking. And again, when we are talking from $700 to $1,900 a year at a fair market value for a parking place, I think we ought to be well aware that it will have a financial impact on even some of the highest grades, because I know from personal experience how expensive this area is, and that the expenses of living here don't necessarily jive with the amount of salary you are making. And that is the other thing, is cost of living. The cost of living in Denver is less than the cost of living in Washington, DC, so if you are a Grade 15 in Denver, or you are a Grade 15 in South Dakota, you have a better lifestyle because your money goes further than it does in the Washington Metropolitan area.

So whatever we do, I think we ought to also look at some kind of cost-of-living factor. Would you agree with that?

Mr. KEENER. To repeat what President Tobias said, I think that those are the reasons why it makes the most sense to negotiate those specific issues at the disparity locations. Fairbanks, Alaska, has a much different problem than Washington, DC. It nonetheless has an air problem that is significant. The regions surrounding Denver, Colorado, has a multitude of parking spaces. There is no reason to charge for parking in an area when there is no crush.

In this city, many people get reimbursed for their parking by their employers, one way or another. So there is a lot of free parking that I am aware of. But the burden falls most heavily upon those people, as you say, the cost of living, the bread costs the same amount for a person earning $12,000 a year as it does for $75,000 a year, but if you have to pay for your public transportation or you have to pay a lot for parking, it is a disproportionate share of your income.

We are not proposing that they raise the fees for parking. What we are generously proposing is that these funds are earmarked for the program, for the subsidy program, and that the local parties sit at a table and negotiate and come up with the incentives that may or may not work.

Getting a project done might be perfectly appropriate to give someone a free ride on the MARC for a month, or a Virginia Railway pass for a month, if they have completed a project and done something very well.

Ms. BYRNE. Thank you, Madam Chairman. That is all I have.

Ms. NORTON. Thank you, Ms. Byrne.

Mrs. Morella.

Mrs. MORELLA. Thank you. I appreciated your testimony and I would like to associate myself with Mr. Keener who made a statement that like one size, you say, we cannot operate under the concept of one size fits all. And I would certainly agree, and as the discussion has ensued, we can see how complex that concept is of fee for parking. You would have to—I would just think it would be a very difficult situation to negotiate when you have to talk about location.

As you mentioned, Mr. Tobias, I think 45 percent who use it have among the lowest salaries, handicapped. You would have to, as Ms. Bonosaro mentioned, think about the position that a person has and even the GAO report points that out. There are some where it is critical that they, you know, be back and forth and have access, you know, to parking. And even now, we don't know how many specific parking spots there are in each one of the agencies.

I notice in the GAO report there is also a statement that some agencies do not offer, in terms of the parking, some agencies are not involved because they are not even near public transportation. I think that would have to be another factor. So I just want to underline it and focus on the complexity of this issue if you even try to negotiate it. And when I talked about decoupling, I was considering, and I think you were, too, that we look at a reauthorization of the transit subsidy, do other things to encourage people to use it, and then also look at, if we need to look at some other methods of gaining money for it. Because I know some agencies have also

stated that they can't seem to find the funds to raise the—you know, to offer the transit subsidy or to increase it beyond the $21 to the $60 which is available.

I personally would agree with all of you that if, in fact, it were to occur that there would be any fees for parking, that it certainly should go for transit subsidies, because I have been trying to find out how much revenue is generated from it now, and because much of it goes back into the Treasury, I don't think there is any figure so that we can see to what—I know GAO tries sort of—but based on what an agency says, there doesn't seem to be any way that we can figure out that this is totally going to compensate for the mass transit subsidies. So I see it—I see it all as a real complex problem, and I don't know whether you can comment on would you be able to negotiate something like that?

You have all talked about this is where it should be, if you did it.

Mr. TOBIAS. I think the answer is definitely yes. I think that the options are statute where one size does fit all, regulations from a central management authority like OPM, or the other option, as I see it, is agency discretion. If there is agency discretion, I think that employees ought to be able to bargain about how those decisions are made. So if people are making decisions, then employees ought to be involved in the allocation process and the most efficient way of doing that is in the context of collective bargaining.

Who better than the parties and the participants can balance the interests of carpool and mass transit and the other issues that are raised than the people at the bargaining table?

Mrs. MORELLA. Is it possible to be fair?

Mr. TOBIAS. Yes, I think it is. I think it is possible to make decisions. I don't think—certainly the public doesn't agree—that every piece of legislation that Congress passes is fair. Nor does every one of my constituents agree that every collective bargaining agreement that we reach is fair. But I do believe that there is a policy, a national policy, to have people get out of their cars and on to mass transit. And I do believe that that is an important policy that ought to be supported by the Federal employer. And what we have here is a situation where the Federal employer says, yes, it is a good idea, but we can't afford to do it. So the issue before us is how will we provide some supplemental funding to accomplish the goal of getting people on to mass transit?

I mean that is really the issue that we are facing. And what the administration has proposed is allowing agencies to charge for free parking and use that money to subsidize mass transit, people who use mass transit. And I think that is a sound governmental policy in that the way you implement that policy is in the context of collective bargaining.

Mrs. MORELLA. So I see what you are saying is that you have no problem with trying to subsidize this transit subsidies by virtue of charging for parking, if, in fact, the bargaining agent is allowed to be involved with negotiating who, where, when, how, and why. Do you all seem to agree, was that—would you not prefer to have the allocation for mass transit subsidies come from outside the agency, from the Federal Government?

Mr. TOBIAS. Absolutely, I would much prefer that we not have this discussion and that the Federal Government would authorize and appropriate $21 for every single person who uses mass transit across the country. That would be terrific. But, you know, I don't think it is going to happen.

Mrs. MORELLA. Ms. Bonosaro, how do you feel about it?

Ms. BONOSARO. Well, I am interested, although we don't have much light shed on how, indeed, the agencies that are doing this decided to fund it and where they scraped the funds up from. And the ones that haven't, whether if they had more budget flexibility, fewer restraints with line items, whether they couldn't fund it as well. It is an interesting question, but I guess I remain troubled by the zero sum game, even though I have no dispute with the desirability of moving people on to mass transit where it can be done.

Mrs. MORELLA. There are many private employers. They don't all charge for parking. There are many of them that absorb the parking fee and also give subsidies for mass transit usage, too. Well, in the interest of time, I would be interested in working with you to perfect that concept. Thank you. Thank you, Madam Chairman.

Ms. NORTON. Thank you, Ms. Morella. Could I ask you to evaluate the way in which you perceive agencies have used their discretion to initiate these programs up until now?

Mr. TOBIAS. I think it has been very arbitrary. Some agencies have gone forward and robbed Peter to pay Paul. They have frozen positions, not filled positions. They have cut other travel costs, they have not bought pencils and paper, they have reduced Xerox paper in order to provide these transportation subsidies. They have taken money out of other accounts to make this work. Other agencies have been unwilling to do it. The largest agency we deal with is the Internal Revenue Service which has just refused to bargain altogether. We tried to initiate bargaining. They refused.

We went to the Federal Labor Relations Authority and they said bargain and then we went to the impasses panel and they said pay these fees, and the IRS—now we have to go to court. So that is the way the Internal Revenue Service has dealt with the issue, by not dealing with it. So it is across the board.

Ms. NORTON. When salaries are set, wages are set in the Federal Government. I don't know that the Government has something in the back of its computer saying that, and by the way, we pay for free parking so we have to account for that in setting wages. But I bet you that any private employer who is paying for free parking and exists in a market economy tries to think through that cost and to factor it in as a benefit. And if he bargains, I can't imagine that any employer who bargains, where they are saying this is a benefit and it costs x amount. So one thing I would like us to stop doing is using the word "free" parking, except when it comes to the Federal Government, which I think has not done this. This is not free parking in the private sector. Nobody in his right mind would fail to take into account that he or she has contributed that as a part of the wage package.

Let me ask you whether you favor the limit to nonattainment cities, in light of the clean air mission here, and I might add the obvious scarcity of funds.

Mr. TOBIAS. There are some 182 of these cities, Madam Chair, and we would support it being limited to those 182 cities.

Ms. MOTEN. Madam Chair, on behalf of AFGE, I think we would like to look a little bit more closely about this particular issue. I am concerned about employees who live in cities which are currently receiving the subsidies, suddenly having those cut off, and I think that we would hear quite an outcry from them after they have had the benefit of them for some time.

Ms. NORTON. Of course, we are faced with a dilemma. We are not simply in the business of encouraging mass transportation. There is another statute that figures into the decision here, and there are cities that have great needs relative to other cities. I am not sure we have any figures on that. I am not sure any figures were offered at the last hearing, and I am going to ask the staff to find out whether, in fact, we would have that problem, which I think obviously it would present a difficulty to take back a benefit that has ever been given always, whether it is a difficulty.

One way you can do it is to leave those people frozen, I suppose, and not add to them if you found that there were such people. But we do need to know, to the extent that we can find out, whether there has been much of this beyond the nonattainment cities.

Well, are there other questions? If not, I would like to thank this panel. Very useful testimony, very important for us to consider. And I would like to call the next panel. And that second panel consists of Mr. Philip Anderson, secretary of the board of directors of the Regional Transportation District in Denver, CO; Mr. Larry Filler, executive director of the transit center of the New York/New Jersey Port Authority. Very much appreciate your coming down to testify today.

STATEMENTS OF PHILIP ANDERSON, SECRETARY OF THE BOARD OF DIRECTORS, REGIONAL TRANSPORTATION DISTRICT, DENVER, CO, ON BEHALF OF THE AMERICAN PUBLIC TRANSIT ASSOCIATION; AND LARRY FILLER, EXECUTIVE DIRECTOR OF TRANSIT CENTER, NEW YORK/NEW JERSEY PORT AUTHORITY ON BEHALF OF THE ASSOCIATION FOR COMMUTER TRANSPORTATION

Mr. ANDERSON. Good morning, Madam Chairman Norton, and subcommittee members, my name is Phil Anderson. I am secretary of the Regional Transportation District Board of Directors in Denver, CO, and the elected RTD representative from district A, which includes downtown, central, and southeast Denver.

RTD serves about 2 million people in a six-county, 2,300-square-mile district, which includes the city and county of Denver. We utilize 803 buses to serve over 58-million-transit boardings per year, almost 200,000 trips on an average weekday.

RTD is also currently in construction with the first 5.3-mile light rail downtown project fully funded with local RTD offices. Revenue service will begin in October of 1994. It is a pleasure for me to be here today, not only on behalf of the Denver RTD and its riders, but for the American Public Transit Association as well.

Our shared interest is to promote improved access to growing transit service to both private sector and Federal employees. I must note that with pride, on Monday the Regional Transportation Dis-

trict, in New Orleans, will be presented a prestigious public transportation system outstanding achievement award at the annual meeting.

We will be so honored for our steadily increasing ridership at a time, incidentally, when many mass transit systems are experiencing stagnant ridership. Our significant achievement is in public-private partnerships, innovative marketing, human resource development, advancement in minorities and women, fiscal responsibility, air quality research and total quality management.

I am here to strongly urge that the Congress make permanent the Federal employee transit benefit beyond the December 31, 1993, expiration date. Extension of this enormously successful program is important to Denver and the Federal workers throughout the Nation. This is a program truly national in scope. Transit benefit programs are not only extremely popular among private and public employees alike, but one could even now say that our Eco Pass Program is considered essential by many.

The community of Denver, the people of Denver want to protect the quality of life in our community and they know that one way to do this is to use transit whenever possible. Since its inception in September of 1991, our Eco Pass Program has been a tremendous success. Our most recent data reveals that 566 companies and 22,600 employees participate in this program, including 15 Federal agencies with 2,343 employees.

The Eco Pass Program is 100 percent employer subsidized. Subsidy amounts range anywhere from $25 to $180 per employee on an annual basis. In some of our other programs, in which employees purchase bus passes on a monthly basis, subsidies range from $15 to $74 per month per employee. RTD estimates that Eco Pass is responsible for bringing in over 4,700 new bus riders to our system. Many of our riders have attributed the ridership increase of 30 percent to 300 percent solely to Eco Pass.

Transit service and incentives such as our Eco Pass Program and the many innovative programs like it around the country continue to be critical components in efforts to meet stringent new air standards and reduced traffic congestion. Also it has been concluded by the General Accounting Office that the Federal Transit Benefit Program is key to meeting the Nation's environmental, energy and economic goals.

With more than 30,000 Federal employees in 25 cities participating in the program today, the Federal Transit Benefit Program has been an undeniable success. And I am convinced that although it still is a relatively new program, that the recent increase in the allowable benefit level to $60 per month, more creative and aggressive marketing strategies, we will soon see even more dramatic ridership increases and better evidence of modal shifts by commuters.

I would suggest the following imperatives for extending this program. It is fair. The transit industry favors equitable treatment of Federal employees. The private sector transit benefit was made permanent by the National Energy Security Act of 1992. It promotes a level playing field. If an employee provides free or substantially subsidized parking as a benefit, an employer should also make available transit benefits as well.

Transit benefit programs help two important groups of transit riders. First, they help the low income workers who have no alternative to using transit to get to work. Federal employees with family incomes below $25,000 are nearly twice as likely to ride public transportation and take advantage of transit benefit as employees with family incomes above $100,000.

Transit use is highest among employees in the lowest grade levels, as well. We urge that this program be made permanent so Federal employees with lower family incomes can receive this benefit without facing the difficult alternative of cutting household budgets to make up for lost benefits.

Every bit as important is the GAO finding that the Transit Benefit Program can convince commuters to switch to transit. Four people surveyed switched to transit from other forms of commuting. Half of them or 1 out of 2 switched from single occupancy vehicles. This means cleaner air, less congestion, and substantial energy savings.

Chairwoman Norton and members of the subcommittee, I would urge you to review and make a part of this hearing record two impressive examples of our industry's efforts to promote this already successful program. The first is some material which describes our Eco Pass campaign and program and some of the advertising used in our promotional campaigns. The second is APTA's superb transit pass tool kit. It has been provided to transit operators all across the Nation and explains how to run a transit program, pass program.

TOOL KIT

TRAN$IT PA$$

A Handbook on the Transit Commuter Benefit Program

PRODUCED BY:
American Public Transit Association

Introduction

American Public Transit Association
Transit Pass Tool Kit

New Transit Commute Benefit

Introduction

Up to $60 Monthly, Tax-Free for Transit Commuting

Effective January 1, 1993, a provision in the Comprehensive National Energy Strategy law (P.L. 102-486) enables employers to provide employees with a *transportation fringe benefit* of up to $60 per month. The benefit is for use by employees making the trip to work and back on public transit or via vanpool. Any amount up to $60 per month is tax-free for the employee, and the benefit is deductible as an ordinary business expense by the employer.

The new law is designed to promote the use of public transit, and at the same time, reduce the amount of benefit an employee can receive in free automobile parking. While the new law increased the monthly transit commuter benefit from $21 per month to $60 per month, it also, for the first time, limited the value of tax-free parking benefit to $155 per month.

The monthly benefit is usually referred to as the "Transit Pass Benefit" or the "Transit Commuter Benefit."

Provisions of the Law

Basic provisions of the law are:

o Among the fringe benefits employers may provide, the new *transportation fringe benefit* allows firms to purchase transit passes or fare media or vouchers that can be used by employees to purchase transit fare media and provide the passes, media, or vouchers to any employee at no cost or at a discounted cost.

o The value of a free or discounted pass, media, or voucher up to $60 per month is a tax-free benefit to the employee. If the monthly value of the benefit exceeds $60, the employee is liable for income tax only on the amount over $60.

o Employers may deduct their cost of the transit benefit -- up to $60 monthly per employee -- as ordinary business expense.

o Workers who commute via employer-provided vanpools are also eligible to receive the $60 monthly tax-free benefit.

o Commuters who drive to park-and-ride lots in order to use public transportation or carpools for the commute to work may receive up to $155 in tax-free parking benefits from their employer in addition to the $60 per month transit commute benefit.

o The tax-free value of automobile parking provided to the employee by the employer is now limited to $155 per month. If the monthly value of parking provided by the employer exceeds $155, the employee is liable for income tax on any amount over $155.

Other important aspects of the new law include:

o An automatic cost-of-living adjustment for the transit commute benefit will be provided in increments of $5 per month.

o The transit commute benefit will be found in the U.S. Code, Section 132, fringe benefits. Under prior law, the transit commute benefit was defined as a *de minimis* fringe benefit, the value of which could not exceed $21 per month. If the value exceeded $21, then the entire amount was considered taxable income. This so-called "tax cliff" has been eliminated. Employers may now provide any amount they choose, and any monthly benefit of up to $60 is tax-free to the employee.

The Transit Pass Tool Kit

This Tool Kit has been developed by the American Public Transit Association, with the invaluable contributions of many of its members, to support the creation and expansion of transit commuter benefit programs throughout the United States. The Tool Kit has been designed to provide examples and tools that will be useful to any size transit provider.

The material that can be found in this Tool Kit includes:

Program Summaries -- A collection of case studies and program descriptions of active transit commuter benefit programs from throughout the country. The examples are meant to show the several forms that a program can take, and to demonstrate methods of administering and marketing a program. The transit system employee who administers each program is listed, and may be contacted for further information.

Tools -- Useful tools that will help get a transit commuter benefit program

started, including an outline of the actions needed to start a program, and a description of the transit voucher services available. Also included are two sample press releases that may be customized for local use in introducing the benefit.

Participating Employers -- Lists of selected participating employers from active programs. This section will be expanded as more APTA transit system members begin and expand transit commuter benefit programs. It will be important in the future for transit providers to cooperate in offering a coordinated transit commuter benefit to employers that have numerous sites and offices throughout the country.

Updates and Actions -- This section is reserved for notifying Tool Kit users about relevant actions by the Congress, Internal Revenue Service, and other federal agencies which may affect the transit commuter benefit, as well as for communications about the benefit from APTA.

Updates will be sent out periodically by APTA to keep all transit system members current with the development, conduct, and marketing of transit commuter benefit programs in all sections of the country.

Radio Public Service Announcements

Also included in the Tool Kit is a pair of radio public service announcements that can be used to promote the transit commuter benefit in local areas. The public service announcements were generously contributed by actor, writer, and director John Ratzenberger, who is well known for his portrayal of the character Cliff Clavin on the television series "Cheers."

The announcements can be broadcast as is, or can be tailored with a local transit system name and phone number.

Material Welcome

APTA welcomes case studies, program descriptions, and samples of marketing materials that can be added to this Tool Kit. To contribute information to Tool Kit updates, send material to:

Dennis Kouba
Editor
Passenger Transport
American Public Transit Association
1201 New York Ave., N.W.
Washington, D.C. 20005
(202) 898-4118

Additional Tool Kits Available

Each APTA transit system member receives one copy of this Tool Kit at no charge. To purchase additional copies, contact:

Rose Gandee
Information Center
American Public Transit Association
1201 New York Ave., N.W.
Washington, D.C.
(202) 898-4000

The cost per Tool Kit is $15 for APTA members and $25 for non-members. Orders must be prepaid, and must include a $3 handling and shipping charge.

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Transit Commuter Benefit Programs

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Capital District Transportation Authority
Albany, New York

Commuter Benefit Program

Program Description

CDTA's Commuter Benefit Program has been in place for more than four years. The CBP involves monthly passes only, although CDTA does have both a 5-Day and 7-Day pass. At the present time 10 local companies are involved in this program. This represents an average of about 125 pass sales each month.

Individual passes are not discounted and CDTA also does not offer a "bulk" discount to employers. The Authority is considering discounts in both of these areas, and it is likely that a program will be developed early in 1993.

Administration and Marketing

The CDTA program is administered by the Public Information Department. Three employees are involved in this effort. Their activities include marketing, administration, informational presentations, personal selling, and pass deliveries. The program requires about 8 to 12 total person hours a month. In a month where a specialized marketing effort is underway or several sales presentations are required, more hours are expended.

When the program was introduced, it was marketed through personal sales calls by the chairman and executive director. Appointments were made with chief executives of 20 to 25 of the region's largest employers. The chairman and executive director spent about 20 to 30 minutes with each CEO explaining how CDTA, the monthly pass (and the monthly tax benefit), and CDTA staff could be of help to the company and its employees.

Since that initial effort, CDTA has dedicated several small media efforts to promote the monthly pass and the corporate program. Media used have included radio, print, transit advertising, and a series of sale add-ons. The program is included in the system's public presentation package and is stressed whenever CDTA's staff meets with or speaks to large groups, clubs, civic, government, or business officials.

Evaluation of Marketing Efforts

CDTA has been pleased with its direct contact efforts. These one-on-one

sales presentations provide immediate feedback and responses. If the company or group is interested in the Commuter Benefit Program, CDTA invests the required time and resources towards "closing that sale." If not, the sales call is discontinued. This allows CDTA to focus its efforts, and work with companies that have a genuine interest in transit and the monthly pass program.

However, this effort does not reach the mass market. Although information about the program has spread through word-of-mouth, it is still relatively unknown. The Authority's mass media efforts have been limited and general in nature, but CDTA plans to spend more time and resources in this area in 1993.

Future Plans

CDTA is planning to take full advantage of the new $60 employer provided transit benefit. The Authority thinks that the increased benefit will have a significant impact on its ability to stimulate sales of monthly passes and use of public transit in the Capital District. During 1993, CDTA will use the benefit as the centerpiece of a complete marketing campaign to area employers and the mass market.

The Authority is in the process of evaluating its entire prepayment program, including examination of discounts for individual pass purchasers and bulk discounts for employers. It expects to have a major marketing effort ready for public unveiling during the spring of 1993. Any pass restructuring, discounts and/or new product introductions will be phased in during 1993-94.

CDTA Contact

For information about CDTA's Commuter Benefit Program, contact:

Carm Basile
Capital District Transportation Authority
Director of Information
110 Watervliet Avenue
Albany, New York 12206
(518) 482-3371

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Connecticut Transit
Hartford, Connecticut

Commuter Benefit Program

Program Description and Administration

CTTRANSIT unlimited ride monthly bus passes are provided to approximately 75 employers on a consignment basis between the 15th and 20th of each month. They are delivered via registered mail for small orders and by company personnel for large orders.

The passes are sold directly from the employer to the employee at the company store or may be attached to paychecks. More than half of participating companies sell the passes to their employees at a discount, with the discount ranging from $3 to $21. Employees usually sign a statement that the pass will be used only for themselves.

In some cases the employee must agree to give up a permanent parking space in order to receive the subsidy. Special parking places are made available for up to four days a month to bring a car if the employee cannot take the bus on those limited days.

Each company mails back the unsold passes and a check for the full value of the passes sold by the 15th of the following month. CTTRANSIT does not sell any passes at a discount to employers. It is expected that the employers will provide the discount. More than half do so as a result of "peer" company and employee pressure.

The CTTRANSIT finance department runs the program. Half of one employee's time is allocated to maintaining, distributing, documenting, and accounting for pass and token sales for the company. CTTRANSIT operates three separate divisions and has 325 peak hour buses.

Marketing

The program is marketed through transit fairs conducted at employers' work sites and via telephone calls to employee benefit coordinators. It is also promoted to employees though printed materials on buses.

Future Plans

The company plans to aggressively market the program further in

conjunction with the trip reduction component requirement of the Clean Air Act. One of CTTRANSIT's divisions is located in a severe area and the others are close behind. CTTRANSIT plans to participate in employer educational programs to help them develop their plans for trip reduction, which will include sales and subsidy of monthly bus passes. The campaign will include newspaper and radio media advertising.

CTTRANSIT Contact

For more information about Connecticut Transit's program, contact:

Stephen Warren
Assistant General Manager - Administrative Services
100 Leibert Road
Hartford, CT 06141-0066
(203) 522-8101

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Division of Transit Services
Department of Transportation - Montgomery County
Rockville, Maryland

Full-Share Program

Program Description

The Full-Share Program was created to promote transit use by involving county employers in the sale of transit fare media -- subway farecards, bus passes, commuter rail tickets, etc. Employers sell fare media to their employees on site, and the employers are encouraged to offer a discount to their employees. DOT provides all fare media. Commuter Coupons were introduced into the Full-Share Program to accommodate employers who were reluctant to handle fare media. Employers purchase the coupons from the Division of Transit Services and give them to employees. Employees redeem the coupons through mail order purchases.

The objectives of the program are to encourage solo drivers to switch to transit as a commuting choice, encourage transit riders to continue using transit as a commuting choice, and foster employer involvement--financial and promotional--in supporting employee use of transit.

Full-Share was begun in April 1991 in an effort to continue the sale of fare media to employers when funding for the Fare-Share Program became unavailable. (Fare-Share was begun in March 1987, and was a matching discount program. Participating employers were required to match a county discount. A total of 173 companies took part in Fare-Share.) Membership in Full-Share stood at 109 in June 1991, with some 2,920 employees receiving discounted fare media at that time. More than half of these were new transit riders. Current active membership in Full-Share is 71 companies and developers.

Commuter Coupons were added to the program in March 1992--employers purchase Commuter Coupons from Montgomery County at face value and give them to their employees as a transit subsidy. Employees purchase fare media from Montgomery County using the coupons.

Of participating employers, 75 percent subsidize transit fare in amounts ranging from $5 to $21 a month. The remaining 25 percent sell the fare media at full cost as a convenience to the employees at the work site. Companies of any size may join. Orders for fare media/commuter coupons may be of any amount; there is no minimum on the number purchased each month.

Program Operation and Administration

There are four easy steps for an employer or agency to participate in the Full-Share Program. A company or organization sends a letter of commitment to Montgomery County agreeing to sell or give the fare media to employees and agrees to give Commuter Coupons to employees as a transit subsidy.

Fare media and coupons are delivered via insured delivery service or county courier service after the Division of Transit Services receives order and payment. The employer also reports the number of employees using fare media or coupons monthly.

Fare media available include monthly tickets for MARC (Maryland commuter rail); Washington Metropolitan Area Transit Authority Metrorail farecards in denominations of $10.50, $15.75 and $22, as well as $50 two-week passes; two week passes and token rolls for Metrobus; and two-week passes and 20-trip tickets for Ride-On, Montgomery County's local bus system.

Commuter Coupons are available in denominations of $1, $5, and $10.

The Department of Transportation, Division of Transit Services, Customer Service Unit administers the program. The unit is managed by Thomas Pogue and Program Specialist Erma Calhoun handles administrative tasks. Several staff members in the Customer Service Unit assist with the preparation of the fare media orders and backup for the program operation. Forty percent of the program specialist's work load is charged to the Full-Share Program. Approximately five hours a week of other staff members' time is used for the program.

Marketing

The Full-Share Program and Commuter Coupons are marketed by the marketing specialists in the Commuting Alternatives Section of the Division of Transit Services as part of the transportation assistance offered to all employers in Montgomery County. Various fact sheets and an employer information packet have been developed by the Customer Service Unit. Participating employers have been recognized at Transportation Week activities, noting employer milestone achievements, with newspaper ads and fact sheets used for further recognition.

Evaluation of Marketing

Employer participation has been disappointing since the county eliminated its matching subsidy offer. The reliance on individual contact between marketing specialists and employer clients may need to be

supplemented by broader--though still targeted--marketing. For example, advertising in trade publications and county economic newsletters may be necessary. Communication between program administrators and marketing representatives has also probably been hampered by the organizational and physical separation of these two groups.

Future Plans

Information on the increased transit subsidy will be distributed to existing and potential Full-Share participants through a workshop in February or March 1993. The workshop will be cosponsored by the Division of Transit Services and other interested departments and groups, such as the county's Department of Environmental Protection, a citizen/business advisory group (The Keep Montgomery County Moving Committee), and local chambers of commerce.

An advertising campaign will be studied for implementation at the start of fiscal year 1994 (July 1993) if funding allows.

Division of Transit Services Contacts

For more information about the Full-Share Program, contact:

Thomas Pogue
Customer Service Unit
Division of Transit Services
110 North Washington St., Suite 200
Rockville, MD 20850
(301) 217-2184

Erma L. Calhoun
Program Specialist
Customer Service Unit
Division of Transit Services
110 North Washington St., Suite 200
Rockville, MD 20850
(301) 217-2184

Participating Employers

Employers that participate in the Full-Share Program are listed in Section 4 of this Tool Kit, "Participating Employers."

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Fort Worth Transportation Authority
Fort Worth, Texas

Ask Your Boss for a Ride to Work

Program Description

The Fort Worth Transportation Authority's subsidized transit program has been in existence for many years, but until May 1992 had no promotional theme. "Borrowing" an existing tag-line from RTA in New Orleans, the T developed a comprehensive advertising campaign--"Ask Your Boss for a Ride to Work."

The program offers subsidy discounts on monthly bus passes and organized vanpools. The T uses its current monthly bus pass--valued at $27--in the program, and discounts the price $2.50 per pass when employers offer the same discount. The T offers a $6 discount if an employer provides a $21 subsidy per monthly pass, which makes the pass free to the end user.

Passes in lots of 10 or more are delivered by courier each month; smaller numbers are mailed by certified mail. The T also has a voucher program whereby people can redeem their TransiCheck through the mail or at the system's downtown Customer Service Center.

Administration

The program is headed by the Director of Marketing, with sales responsibility divided into sales groups for all marketing and rideshare employees. Currently, there are six "salespersons" who maintain existing accounts and establish new ones.

Primary efforts at the beginning of the campaign were quite time consuming, but now that the campaign is well established, the main focus is on drumming up new accounts. This can be as time-consuming as each person is willing to get into. Some go all out, and set up booths, fairs, and meetings. The primary responsibility of maintenance of the program also resides in the Marketing Department, but the most involved staff are rideshare personnel.

How the Program is Marketed

Before May 1992, the T's subsidized transit benefits were marketed rather loosely in conjunction with rideshare options. Now, the T has a comprehensive campaign that incorporates the major benefits of subsidized

transit with a uniform approach. The Authority uses outdoor advertising (permanent, rotary, and 30-sheet posters), radio, print (newspaper and other publications), direct mail, and trade show booths.

The T has a thorough sales kit for approaching new clients, and uses it in all efforts. The materials in it include brochures geared to the employee and the employer, posters, response card, paycheck stuffers, a brochure emphasizing vanpools for those commuters outside the T's bus service area, and a directory of the T's general services.

Evaluation of Marketing Efforts

The T's major expense of money and time is now over, with the campaign more than six months old. The Authority now plans to emphasize follow-up to inquiries and cold-calling in order to continue to increase the number of participating companies.

Currently, the T is evaluating what elements of the "Ask Your Boss" campaign will need to be revised to emphasize the subsidy increase to $60 per month. It appears that the majority of the campaign's elements will remain the same with a few minor copy changes. So far, the awareness level has been established and confirmed with a substantial number of follow-up calls.

Future Plans

A major change anticipated will be the transition for those companies that currently subsidize at $21, and now receive their passes each month for no additional cost. It has not yet been determined if the T will ask each company to "up" their contribution while the T lowers or discontinues its discount.

Major growth is expected in the vanpool program, as the $60 subsidy will have a significant impact on the cost--current average cost to a participant is $65 per month.

Fort Worth Contact

For more information about the Ask Your Boss campaign, contact:

Greg Duval
Director of Marketing
Fort Worth Transportation Authority
1813 East Lancaster
Fort Worth, TX 76103
(817) 871-6265

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Lehigh and Northampton Transportation Authority (LANTA)
Allentown, Pennsylvania

Ride-To-Work

Program Description

LANTA began its Ride-To-Work program a few years ago, and gained immediate cooperation from the largest downtown Allentown employer (Pennsylvania Power & Light) -- the one that had the largest employee parking problem. A few major companies have joined since then, but the enrollment efforts have been sporadic.

The program works like this: LANTA agrees to sell the employer 40-ride tickets at $2 less than the face value cost if the employer agrees to match the LANTA discount. Thus $24, 40-ride ticket costs a company $22 and, in turn, costs the employee $20. Companies of any size may enroll in the program; one participant has only one employee who rides the bus. Initial orders of tickets are on consignment.

Marketing

The program was reactivated in 1986. At that time, LANTA compiled a list of the largest companies in the area which would logically need some relief in their parking lots, or which were known to be geared to good employee (and public) relations. LANTA started with 20 of the most promising from that list, sent each a letter asking for their cooperation, and followed with phone calls and/or visits. Most were receptive to helping promote transit from within -- with posters, paycheck stuffers, etc. -- but only one joined the program during the active recruitment period.

Though the original intent was to enroll as many companies in the subsidy program as possible, LANTA has modified its efforts to become more "employer outreach" oriented -- i.e., since increased ridership is the primary goal, any cooperation in promoting transit to employees is considered a success.

Among the impediments encountered along the way are that there is not really a shortage of parking spaces in the three downtown areas LANTA serves, and the parking that is available is inexpensive. There are minor traffic problems, air quality is not an issue, and the suburban industrial parks -- where there is a growing concentration of workers -- are not, at this time, well-served by LANTA's predominately downtown-oriented system.

Due to limited staff, this benefit program has taken somewhat of a back seat to other marketing efforts. LANTA mails literature upon request, does institutional advertising in chamber of commerce newsletters, mails about 300 posters/year (with trip information tear-off pads) to companies along routes, and tries to maintain a relatively high profile among the business community.

Future Plans

The increase of the monthly benefit to $60 might make a difference here and might not; most people can park for $25 to $40 per month. LANTA plans to include information about the increased benefit in future correspondence to potential Ride-to-Work companies.

LANTA Contact

For more information about LANTA's Ride-To-Work program, contact:

Nancy Berger
Marketing Manager
LANTA
1201 West Cumberland Street
Allentown, PA 18103-3898

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Madison Metro Transit System
Madison, Wisconsin

Commuter Benefit Program

Description

In Madison Metro's Commuter Benefit Program, employers offer their employees the opportunity to buy Metro passes and tickets at work. Some firms charge the full price, while others make the program a part of their fringe benefit package and sell the passes and/or tickets at a discounted price. Metro delivers the passes on consignment. No money is exchanged up front; Metro collects any unsold passes, along with the proceeds from the passes sold.

Administration

Madison Metro's Finance Department is responsible for the distribution of the passes and tickets, and for collecting the sales revenue. One employee administers the program, spending approximately ten hours per month.

Marketing

The program has not been actively marketed in the past four years. When marketing was conducted it included direct mail with follow-up sales calls and print advertisements. The direct mail with follow-up sales calls was more effective than print ads. Participants were honored by a Madison Common Council resolution commending them for their efforts and a reception was held to thank participants, and prospective participants were invited.

Future Plans

A current issue of Metro's passenger newsletter, Metro Rider Reader, includes a brief explanation of the increased benefit. Madison Metro's most expensive prepaid fare is $30, so the full $60 benefit is currently more than necessary to cover a full month's fare. To take full advantage of the increase, Metro does plan to more actively market this program in 1993.

Madison Metro Contact

For more information about Madison Metro's program, contact:

Julie Maryott-Walsh
Marketing & Customer Services Manager
Madison Metro Transit System
1101 East Washington Avenue
Madison, WI 53703
(608) 266-5921

Participating Employers

Employers that participate in Madison Metro's commuter benefit program are listed in Section 4 of this Tool Kit, "Participating Employers."

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Metro Regional Transit Authority
Akron, Ohio

Metro Pass Program

Description of Program

The Metro Regional Transit Authority's Metro Pass Program offers a low cost, employer subsidized transit pass through a company payroll deduction plan. Metro monthly passes cost $26. For the first three months of company participation, Metro provides a 50 percent discount off the price of the pass ($13) and the employer must make a minimum contribution of $3. The employee then pays $10.

After the first three months, Metro offers a discount of $3 and the company's minimum contribution is $3. The employee pays $20.00 or less a month for the pass.

Administration

After establishing a program with an employer, the Customer Service Department is responsible for the administration of the program. Once a month, employers telephone Metro to order passes. The passes are mailed out to the company and the company sends Metro a check for the number of passes requested.

Program Marketing

Metro's Director of Communication makes presentations to companies by request from the company, an employee of the firm, or a lead from networking efforts. The sales kit used contains the Employer Pass Program brochure, route schedules nearest the company's location, a trip planner, sample press releases, posters, passenger newsletters, and a list of park and ride locations.

An initial letter was sent to agencies, businesses, and other organizations informing them of the program in August 1991. Metro publishes a quarterly community newsletter and a monthly passenger newsletter which usually have information on the program. At least one local newspaper carried an article on the pass program and several companies have published articles in their employee newsletter.

Evaluation of Marketing

Presenting the program on a one-on-one basis has been very labor intensive, and can require three to four meetings with a firm. Frequently, meetings will involve negotiating with both management and labor of a company. After three or four meetings, companies have still been reluctant to enroll in the program in large part because of economic constraints. One of the best door openers has been when employees show an interest and work to get other employees involved. The employees will then ask the employer to call Metro and get more information.

Future Plans

Metro is developing a professional sales kit for use in presentations. Metro is planning group breakfast meetings and receptions throughout the county in order to reach larger audiences, and meetings will also be held in conjunction with Transit Now programs.

Metro Contact

For more information about the Metro Pass Program, contact:

Yvonne Oliver
Director of Communication
Metro Regional Transit Authority
416 Kenmore Boulevard
Akron, OH 44301
(216) 762-7267

Participating Employers

Several of the employers participating in the Metro Pass Program are listed in Section 4, "Participating Employers."

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Metropolitan Atlanta Rapid Transit Authority (MARTA)
Atlanta, Georgia

Employers Transit Incentive Program

Program Description

In 1988 the Metropolitan Atlanta Rapid Transit Authority began its Employers Transit Incentive Program to boost ridership by encouraging businesses to underwrite their employees' cost of taking public transit to work. As of the end of 1992, more than 20 employers are offering transit subsidies ranging from $5 to $35 per employee per month to about 2,000 workers. Banks, law firms, hospitals, and federal agencies -- along with major employers like Coca-Cola, Georgia Power Company, and the city of Atlanta -- are the major participants.

Most of the participating employers offer monthly passes -- TransCards. Some, because of the travel requirements of employees, choose weekly TransCards or tokens. TransCards are good for unlimited travel on MARTA's bus and rail system. MARTA does not discount the sale of its fare media.

To increase the flexibility of other companies that are currently considering joining ETIP, MARTA is making plans to offer vouchers beginning in 1993. The vouchers, which will be good for various denominations, will be redeemable by employees for whatever fare media they prefer.

MARTA delivers all fare media to each participating employer. Once offered, vouchers will be redeemable at any of the more than 100 sales outlets (grocery and convenience stores, for example) throughout MARTA's two-county service district.

Administration

MARTA's ETIP activities are operated within the Office of Marketing and Public Information. The program is headed by a Manager of Corporate Marketing. Over the years, the office has employed sales people with different forms of compensation. MARTA's Treasury Services Division processes and delivers orders.

In addition, MARTA involves members of its senior management in its sales efforts. Management is expected to routinely pitch the program to all of the Authority's business contacts and major local contractors who are on rail lines and bus routes.

Requests for bus service from employers are evaluated, in part, by the willingness of employers in corridors to be served by MARTA to consider ETIP for their employees. In this regard, MARTA's planners and operations personnel work together with the marketing staff to help sell the program.

How the Program Is Marketed

MARTA utilizes a range of techniques to sell its program. The sales staff regularly makes calls on potential participants. These employers are targeted based on their proximity to rail stations and bus routes as well as other factors such as environmental activism, cost of parking near the workplace, and the like. The staff's efforts are bolstered by periodic print, radio, and billboard advertising, with the advertising positioned in business trade publications, during drive-time, and on billboards in areas of employment concentrations. Sales kits, consisting of various collateral print pieces, comprise MARTA's basic sales tool.

In addition, periodic articles extolling the benefits of the ETIP program appear in local newspapers and in media that MARTA controls directly -- the biweekly patron newsletter and advertising cards on trains and buses. In turn, employees create a "pull through" effect for the program in their workplace.

The environmental angle has also served to spark the interest of several large employers.

In the past year, MARTA has enlisted the help of the Federal Executive Board, area Chambers of Commerce, and employers already participating in the program to cultivate the interest of other employers. Direct mail, formal presentations at chamber meetings, and other techniques have been utilized to develop and follow-up on leads.

Evaluation of Marketing Efforts

Experience has shown that a great deal of tailoring must go into the sales presentations to individual companies. For example, the tax benefit is of interest to some, but of no interest (or irrelevant, in the case of public or non-profit entities) to others.

In addition, MARTA has learned that sales seldom come quickly. Large employers in particular are prone to engage in prolonged study of the program, solicit employee involvement in the decision-making, and want to concentrate on how to best position the program before rolling it out.

Overall, MARTA regards its program as successful because it continues to add more and more employers and, in turn, riders.

Future Plans

MARTA has stepped up its efforts to sell the program. Additional part-time sales workers are being hired, media contacts have been informed of the new $60 benefit level, and additional advertising and promotion is planned.

MARTA Contacts

For more information about MARTA's Employers Transit Incentive Program, contact:

John S. Schadl
Asst. to the General Manager
for Marketing and Public Information
Metropolitan Atlanta Rapid Transit Authority
2424 Piedmont Road, N.E.
Atlanta, GA 30324
(404) 848-5116

Juliet Blackburn-Beamon
Manager, Corporate Marketing
Metropolitan Atlanta Rapid Transit Authority
2424 Piedmont Road, N.E.
Atlanta, GA 30324
(404) 848-4663

Participating Employers

Employers that participate in MARTA's Employers Transit Incentive Program are listed in Section 4 of this Tool Kit, "Participating Employers."

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Metropolitan Transit Authority of Harris County (Houston Metro) Houston, Texas

Corporate RideSponsor Program

Program Description

Houston Metro's Corporate RideSponsor Program is comprised of companies, agencies, institutions, and any other entity that has at least 25 bus riders who buy passes or ticketbooks on a monthly basis.

Metro gives the organization a 10 percent discount on monthly fare items, a discount that is passed on to the riders if the organization will sell the passes and ticketbooks on-site at the company every month. The company appoints a transit coordinator to handle the pass sales and that person is the contact for Metro's Treasury and Sales Development department.

The coordinator calls in the order monthly to Metro's Treasury Department, picks up the order on consignment, sells the passes at the company, and pays for fares minus the discount, by the 12th of the next month. Unsold fare items may be returned at no charge. If the deadlines are not met, the company loses part of the discount. Most companies have a standing order and do not have to call in each month.

Metro sells an array of fare items, including local passes, express passes and mini-ticketbooks (ten rides), and Park & Ride commuter passes, mini-ticketbooks, and maxiticketbooks (40 rides).

There are currently 95 companies in Metro's Corporate RideSponsor Program. About half subsidize the bus passes in some amount over Metro's 10 percent discount, with the subsidy ranging from $5 a month to more than 100 percent of the fare item. Fifteen of the companies subsidize 100 percent of the monthly fare items.

Metro also offers a guaranteed ride home program to members of the Corporate RideSponsor Program for midday emergencies.

The company transit coordinator verifies that the person requesting a ride home does buy monthly fare items. The employee calls Metro Customer Service for the ride. Currently, Metro is using bus supervisors to take people home or back to the Park & Ride lots but is investigating the use of taxis for this service.

Administration

The Sales Development Division of the Metro Marketing Department administers the program. The sales staff consisted of three people until recently, when four members of the RideShare staff were added to make a division of four sales representatives, two RideShare operators, and one manager.

The staff makes sales calls on prospective companies to enlist them in the Corporate RideSponsor program. The entire group, minus the operators, spends about 50 percent of the time calling on companies or following leads. The rest of the time is spent on working the accounts and looking for new potential markets where service could be developed. The staff sells vanpool and carpool matching services in addition to the RideSponsor program.

Marketing the Program

A sales brochure was developed for the RideSponsor Program which outlines the services Metro can provide to the employer. The program offers such services as a residence zip code profile map of the work force, free bus schedules and display rack for the company information center, a survey of the company to determine interest and potential new routes, information booths or seminars, relocation assistance, and new employee orientations.

Sometimes ads are purchased in the Houston Business Journal or Chambers of Commerce newsletters, but the best advertising has been word-of-mouth among the bus riders about the discount and the guaranteed ride home program.

Evaluation

The RideSponsor program is successful as it brings in approximately $10 million annually for Metro after the discount. The program is particularly appealing to large companies that view it as a benefit they can offer their employees for little cost.

The program has grown over the past 2 to 3 years due to a concentrated sales efforts and word of mouth in the corporate community. The revenue from this program accounts for 25 percent of Metro's annual fare revenues. The addition of the ride home program last year has helped increase the ridership in existing companies.

The majority of companies with 25 bus riders or more are in the downtown area. The staff has enrolled more than 50 percent of the downtown companies in the program. When sales efforts are made in the several other

Houston area employment centers, it is sometimes difficult to find companies with enough bus riders because there are fewer Metro bus routes serving these area. The situation has allowed the sales development staff to initiate new potential markets research which has resulted in new bus route development and new ridership.

Marketing the New $60 Benefit

The sales staff has distributed an information paper on the new $60 subsidy benefit to all of the 95 companies in the Corporate RideSponsor program. The sales brochure is being updated and will include information about the subsidy. In addition, the sales staff intends to mail information to prospective clients regarding the benefits of the subsidy, especially in light of the requirements of the 1990 Federal Clean Air Act Amendments for Houston area companies with more than 100 employees.

Metro's sales staff is being trained on the Employer Trip Reduction mandates in order to consult professionally with current and potential corporate RideSponsor companies. The new $60 benefit will be used as a sales tool to sell transit to these companies.

Houston Metro Contact

For more information about Houston Metro's Corporate RideSponsor Program, contact:

Janet Redeker
Manager of Sales Development
Houston Metro
P.O. Box 61429
Houston, Texas 77208
(713) 739-4016

Participating Employers

Several of the employers participating in the Corporate RideSponsor Program are listed in Section 4, "Participating Employers."

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Metropolitan Transit Commission
Minneapolis, Minnesota

T-Bill Program

Program Description

The T-Bill Program is a voucher program used by the Metropolitan Transit Commission to assist employers in subsidizing employee transit use. Organizations purchase the T-Bill vouchers from MTC, and then distribute them to employees.

Employees then use the T-Bills to purchase 10-ride tickets or monthly passes.

Administration

The MTC Marketing Department handles the sales and promotion of the T-Bill program. After the sale is made the order is passed on to the Convenience Fares Department, which fills the order and handles all future orders. Experience shows that a considerable amount of time is spent answering questions about the program before an organization will sign on. To some, the tax element is confusing.

Marketing

MTC's T-Bill program is promoted for the most part through direct mail and public relations. Press releases are sent to media that regularly cover the program. Phone calls dramatically increase each time an article runs discussing T-Bills. An advertising campaign in a local business magazine also generated many phone calls and new business.

Evaluation

Since this program was introduced last spring more than 400 businesses of all sizes have requested T-Bill information. Of that 400, more than 300 were interested enough to ask to remain on MTC's mailing list for updates. Currently, about 10 percent of those businesses have officially signed on and regularly order T-Bills for their employees.

Future Plans

MTC has scheduled a direct mail campaign to run in early January

announcing the increase in the tax-free benefit to $60 per month. This mailing will go out to all interested businesses currently on MTC's mailing list, large employers in the Twin Cities, and to all the businesses on the Minnesota Rideshare database. Contacts will be made with local chambers of commerce and small business associations to reach even the smallest businesses in the region.

MTC Contact

For further information about MTC's T-Bill Program, contact:

Sarah Thinesen
Marketing
Metropolitan Transit Commission
560 - 6th Ave. North
Minneapolis, MN 55411-4398
(612) 349-7534

Participating Employers

Employers that participate in the T-Bill Program are listed in Section 4 of this Tool Kit, "Participating Employers."

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Milwaukee County Transit System
Milwaukee, Wisconsin

Transit Benefit Program

Program Description

The Milwaukee County Transit System's Transit Benefit Program utilizes the Commuter Check transit fare voucher in a $7 denomination. Commuter Checks can be applied to the purchase of any prepaid fare form except student fares. The vouchers are ordered by participating employers directly from the Commuter Check Service Corporation, which provides all fulfillment of orders and banking of the vouchers.

Administration

The program is administered by the MCTS Marketing Department and is staffed by one employee who also has responsibility for coordinating market research and other special projects. Other department staff provide support in mailing materials in answer to inquiries and similar tasks, but that support is limited. In general, the Commuter Check program requires about one-half to three-quarters of a position, but could easily be expanded to a full-time position with the addition of more direct sales (cold calling) to larger employers.

Marketing Methods

To date, active marketing has been done through four major methods: a) print and electronic media advertising; b) direct mail advertising to business; c) direct contact sales to larger employers; and d) "push" marketing to transit users through on-bus posters and distribution of brochures and mailers.

Evaluation of Marketing Methods

In general, the traditional media advertising has not been effective, while the direct contact methods have generated sales. Because a voucher program is applicable to employers of all sizes, MCTS has combined a phased direct mail to all firms within its service area, telephone prospecting of larger firms, and the "rider push" marketing. The direct mail elicits a number of "passive" sales and inquiries.

Typically, though, the best results have come from the telephone prospecting of larger firms and from the on-bus marketing. When present

riders bring the program to the attention of their employers, it provides both validation of the value of the program and a contact person for follow up.

Future Plans

In order to take advantage of the benefit increase, MCTS will modify the cover letter provided with its informational brochure to describe the increase and the most logical ways to take advantage of the increase, given the system's fare structure and voucher amount. However, MCTS will also stress the "up to" nature of the benefit, so that employers do not feel that it is an "all or nothing" choice and can provide any level of subsidy up to $60 a month.

Milwaukee County Transit System Contact

For more information about the MCTS program, contact:

Samuel Seward
Special Projects Coordinator
Milwaukee County Transit System
1942 North 17th Street
Milwaukee, WI 53205-0016
(414) 937-3251

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Phoenix Transit System
Phoenix, Arizona

Bus Card Plus

Program Description

The Bus Card Plus is an innovative fare payment method that combines modern convenience for riders with accurate subsidy payments and reports for employers. Passengers slide a plastic card through a card reader mounted on top of the farebox. The card has an encoded magnetic strip on the back of it. This information is stored in a computer and monthly invoices are mailed to companies on the program. These invoices detail how many rides each employee took that month; charges are based on actual usage, and are never more than a monthly pass. This program was developed specifically for companies affected by the Maricopa County travel reduction ordinance.

The program was implemented in April 1991 for employees of Valley National Bank. After a trial period, it was opened up to other employers. Since September of 1991, 50 companies have signed up. An anticipated change in the travel reduction ordinance will more than double the potential market for this product. Phoenix Transit System hopes to sign up more than 100 new companies on the program within the next three years.

In 1988, Maricopa County approved a new travel reduction ordinance as part of the Air Quality Bill. The statute requires employers who have 100 or more employees at a work site in a 24-hour period to attempt to reduce single-occupant vehicle trips to and from work by 5 percent in the first two years of the ordinance. Employers affected by the ordinance had to conduct a survey to find out who was using alternative modes of transportation to get to work, then submit a plan to Maricopa County describing their efforts to reduce single-occupant trips.

The new law created an opportunity to attract more riders. Suddenly, Phoenix Transit System was deluged with calls from employers seeking information about the bus system and asking how they could promote riding the bus to their employees. Dozens of new ticket and pass outlets opened during the first two years of the ordinance, and Phoenix Transit's public relations staff visited hundreds of worksites distributing bus information. Many employers began subsidizing the cost of bus tickets and passes to encourage riding the bus.

But there was one thing Phoenix Transit System couldn't offer

employers -- a way to track bus ridership to verify that the 5 percent reduction was met. Unless an employer was a pass and ticket outlet and tracked monthly sales, they had no way of knowing how many people were riding the bus and how often.

To meet this need, "The Bus Card Plus" was developed. Magnetic card-readers were installed on the retrofitted electronic fareboxes on buses. Passengers slide a plastic "credit card" through the reader, which reads the information encoded on the magnetic strip on the back of the card. This information is stored in the computer by employer name and serial number, allowing employers to receive a bill at the end of each month detailing how many times each employee rode the bus.

Cardholders no longer have to worry about ordering a monthly pass or tickets; exact change is unnecessary. They simply use the card whenever they ride the bus; they are never charged more than a monthly pass would have cost them, anyway. The card appeals to both regular and occasional riders because of this.

The travel reduction statue affects approximately 500 Valley employers with a total of 300,000 employees. Bus service is inadequate for at least one-third of this group, and the market for the Bus Card Plus is estimated to be approximately 250 employers and 150,000 employees. There is a proposed change to the ordinance which would make it applicable to smaller employers and would, if approved, more than double the market for The Bus Card Plus.

Marketing

Brochures were developed to explain the new program to employers and employees. Both pieces have been highly effective in explaining this new program; confusion over the new system has been minimal. Other promotion of the program has included press releases to major media, a public demonstration showing how the cards work, and articles in local and national publications describing the new program. In addition, a video was developed in-house to visually demonstrate how the system works.

Evaluation

The program has received much attention since its inception, especially since other employers were invited to join the program in September 1991. A combination of direct mail, phone calls, and large informational meetings are used to communicate to these prospective employers. Billings are essentially error-free, and employers are very pleased with the results.

Fifty companies have joined the program so far, including major employers such as the city of Phoenix, IBM, The Dial Corp, Security Pacific

Bank, and others. Of these companies, 38 are new outlets, representing more than 2,700 new passengers.

Phoenix Transit System Contact

For more information about The Bus Card Plus, contact:

Scott Wisner
Public Relations/Business Development Supervisor
Phoenix Transit System
P.O. Box 4275
Phoenix, AZ 85030-4275
(602) 261-8505

Participating Employers

Employers that utilize the Bus Card Plus are listed in Section 4, "Participating Employers."

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Pierce Transit
Tacoma, Washington

Commuter Benefit Program

Program Description

Employers wishing to offer a commuter benefit to their employees who use Pierce Transit services do so through a bus pass subsidy. Employers may choose what dollar value of subsidy they offer, and may also choose how they offer bus passes to their employees: (1) sell or distribute them on-site, or (2) reimburse employees who purchase the pass at a public sales outlet. Most employers choose to offer passes on-site.

If this choice is made, then Pierce Transit sets the employer up as a private sales outlet and issues the required number of passes on a monthly consignment. Employers return the unsold passes and a check for any sold passes to Pierce Transit at the end of the sales period. No discount is offered to employers, and no contract is required (other than the consignment form). Bus passes are also permitted as partial vanpool fares--it provides a way to offer a subsidy to vanpoolers and also acts as an occasional "guaranteed ride home."

Administration of Program

The program is administered through the Community Services Division of the Development Department. The Community Services Manager oversees the administration through the Customer Services Supervisor; the Customer Services Representative is responsible for the day-to-day operation. The Customer Services Representative's primary responsibilities include all schedule outlet distribution and maintenance and all pass sales outlet distribution and maintenance. Pass sales activities consume approximately 25 percent of this person's time (includes all public and private outlets).

Program Marketing and Effect

Very little marketing of this service was done in the past. Pierce Transit did some initial marketing in 1983 and 1984 with minimal success. Since that time, and especially beginning in 1992, Pierce has primarily marketed this service on an individual basis. Whenever Pierce talks with employers about specific transportation issues or concerns, it always uses pass subsidies as one way to encourage employees to change transportation modes.

The introduction of Seattle Express service between downtown Tacoma

and downtown Seattle greatly increased the interest in and participation in pass subsidies. The new Transportation Demand Management legislation in Washington State has also sparked interest, and Pierce expects to see an increasing number of employers subsidizing passes as they strive to meet the goals of this legislation.

Future Plans

Pierce plans to increase its marketing efforts now that the new $60 benefit makes this service even more attractive. In addition to the increase in general marketing efforts, the ability to offer this benefit to vanpoolers who don't wish to purchase a bus pass will make it more appealing to employees and may increase the demand that employers offer such a benefit. Pierce also plans to encourage guaranteed ride home programs, flextime, and other options which help "sell" people on trying new alternatives.

Pierce Transit Contact

For more information about Pierce Transit's program:

Daphne Tackett
Community Services Manager
Pierce Transit
P.O. Box 99070
Tacoma, WA 98499-0070
(206) 581-8037

*****

Red Rose Transit Authority
Lancaster, Pennsylvania

Job Hop Program

Program Description

The Red Rose Transit Authority offers two prepaid transit options--a ten trip ticket and a monthly transit pass, both of which are deeply discounted over the cost of an equal number of cash fares. Since RRTA uses a zone-based fare system, the cost of both the ten trip ticket and the monthly transit pass is zone specific. An additional cash fare is required for additional zones travelled.

The monthly transit pass is a laminated, signed photo I.D. to which a monthly sticker is attached. The month, year, zone and a sequential serial number are printed on each sticker.

RRTA's transit commuter benefit program, called Job Hop, offers employers the opportunity to make the RRTA monthly transit pass available to their employees. Each month, RRTA staff consigns and distributes supplies of stickers for monthly transit pass I.D. cards to each sales outlet, including Job Hop participants. If the employer agrees to subsidize any portion of the pass, then RRTA reduces the cost of the pass by an additional $1.

At the end of each sales period, the sales outlet returns a sales report and the unsold stickers to RRTA. Some employers send a check for the stickers sold when they turn in the sales report. Others are invoiced by RRTA based on the sales report submitted.

Currently, RRTA is administering a Federal Incentive Grant which will match the subsidy provided by the employer, for 12 months, so long as several conditions are met. The employer must agree to participate for at least 24 months and to provide 100 percent of the subsidy during the second 12 months. The employer must enroll 25 employees or 25 percent of its workforce, whichever is smaller, to be eligible for the federal matching grant.

Administration

The RRTA Marketing Department administers the Job Hop program. The department 's Marketing Assistant consigns and distributes the monthly transit pass stickers, creates invoices, and processes all funds received for the prepaid transit programs. All facets of program management require an aggregate of no more than one hour per month per sales outlet.

Marketing

While RRTA has done some print media advertising, the best leads are developed by direct contact with employers, preferably the president or the director of human resources. RRTA has used resources developed by an environmental campaign to identify potential Job Hop participants. There is a brochure and bounce back card directed at employers which are included in any mailings. RRTA will also complete trip planner forms for employees who are interested in joining Job Hop.

Future Plans

RRTA plans to continue to target market to new businesses, to businesses relocating to the downtown area, and to leads developed by the RRTA environmental programs.

RRTA Contact

For more information about RRTA's Job Hop program, contact:

Linda Rannels
Manager of Development
Red Rose Transit Authority
45 Erick Road
Lancaster, PA 17601
(717) 397-4246

Participating Employers

Employers that participate in the Job Hop program are listed in Section 4, "Participating Employers."

*****

Sacramento Regional Transit District
Sacramento, California

Sales Outlet Program

Program Description

The Sacramento Regional Transit District has developed a successful sales outlet program, and works closely with employers to develop and implement a custom transportation program that ultimately benefits the employer and their employees. Currently, RT has approximately 250 sales outlets handling the sale of fare media.

To participate in the sales outlet program each outlet must have an outlet agreement with RT. The agreement addresses requirements of the program, commissions and handling fees, liability of merchandise, and outlet termination. RT provides the outlet with appropriate fare merchandise on a consignment basis, sending fare media each month either by certified mail or via a courier.

RT has five types of sales outlet:

Public Outlets--Public outlets are typically retail type vendors including grocery stores and pharmacies selling RT fare merchandise to the general public.

Private Outlets--Companies or organizations that provide the convenience of fare merchandise on sale at their sites, selling fare media to their employees, clients, or members.

Employer Outlets--Organizations that sell only to their employees. Oftentimes, employers subsidize all or a portion of the cost of fare merchandise to the employee. However, they do not have to provide a subsidy to become an employer outlet.

Government and Municipal Subsidy Programs--Federal, state, city, and county agencies provide varied subsidies to their employees.

School Outlets--Junior and senior high schools sell student passes and ticket books only. These outlets typically do not subsidize, but want the convenience of on-site sales. However, one school district provides RT student passes to its students instead of school bus service.

Other fare mediums not falling into the traditional categories include RT's CSUS Pass Program, the county of Sacramento Pass Program, and the Mobility Training Program:

CSUS Pass Program--RT entered into a two-year agreement (1991-1993) with the Associated Students Incorporated (ASI) at California State University, Sacramento. Students levy themselves an additional $5 per semester in registration fees. For this $5 students are allowed to ride both the bus and light rail by simply showing their school photo identification with a current registration sticker affixed to it. System-wide ridership has increased dramatically due to this program. RT's contract is due to expire June 30, 1993 and RT and CSUS will soon be negotiating a new agreement.

County of Sacramento--The county of Sacramento Social Services Department's Pass Program involves deep discount pricing which allows for discounted monthly passes. The cost per pass is $20 per month. Deep discount programs are considered for large groups of more than 1,000 people, and the group must have at least a 90 percent participation rate. The deep discount program requires a photo identification card plus a valid monthly sticker. The department distributes the stickers to its participants monthly.

Mobility Training Program--The Mobility Training Program involves providing fare assistance to mobility training programs for people with disabilities. The mobility trainers use regular fare media, while photo identification cards with monthly stickers are given to the trainees.

Subsidy Programs

Subsidy programs play an important role in RT's Sales Outlet Program. The subsidy programs encourage employees to use transit plus it brings in additional revenue. Subsidies provided vary with each employer. However, the majority currently subsidize at $21. Sometimes the employer also requires employees to conform to certain company standards; one example is the requirement of a photo identification card with the subsidized pass sticker adhering to the card.

Among the subsidy participants are 80 state agencies providing a subsidy of $15 per employee per month; the Sacramento Bee (a major newspaper) which provides $21 for each employee; U.S. District Court, which provides a 100 percent subsidy; and the Federal Highway Administration, which also provides a 100 percent subsidy.

Administration

The administration of the sales outlet program is handled by two RT

departments. The Accounting Department's Fare Prepayment Unit is responsible for all accounting functions. This department consists of five full-time employees. They take all orders, package all orders, prepare invoices, reconcile accounts, secure sales outlet agreements, and inventory and purchase all fare media for annual use.

The Marketing Department handles all aspects of marketing the Sales Outlet Program. Currently there is one marketing representative who dedicates a portion of her work week to the Sales Outlet Program.

Marketing

Marketing efforts consist of procurement of new sales outlets, informational presentations to new outlets, providing outlets with core RT information, production of a monthly newsletter targeted to sales outlets, and trouble shooting during the start-up phase of new outlets.

Other typical marketing support for sales outlets includes in-bus and light rail information to promote new public outlets, listing all public outlets in appropriate brochures, and development of promotional flyers. One public outlet increased pass sales by nearly 50 percent when an advertisement ran in RT's bus and light rail timetable book.

For RT's Employer Outlets, the transit district works closely with company Employee Transportation Coordinators (ETCs) and transportation organizations including Transportation Management Associations to develop transportation plans to meet local trip reduction ordinances. RT is also a regular presenter at local Rideshare Agencies' training sessions and other sessions geared to companies developing transportation management plans.

Regional Transit will hold its own training twice in 1993, with the training focused not only on subsidy programs, but also on how to use the bus and rail system. It is also RT's intent to ask target audience to evaluate the district's existing program, and these evaluations will be provided to all sales outlet participants.

Evaluation of Marketing Efforts

With only one dedicated marketing representative to handle any marketing effort, RT needs to be very efficient. To that end, the system decided to join forces with agencies also interested in encouraging subsidy programs.

In addition, RT has found that working with various governmental agencies has been beneficial; they are easy to access, they generally have just one contact person, and they are normally large employers.

RT's strongest and most cost-efficient marketing tool has been the Pass Outlet News monthly newsletter. Sales outlet participants look forward to the newsletter as it is very informational. Also, personal contact with the RT marketing representative is very helpful in marketing the program.

The major effort that didn't work was an offer of incentives--in the form of discount coupons--to monthly passholders. The program was hard to manage, the coupons were difficult to distribute, and some passholders complained because coupons were not available for their neighborhood. When RT discontinued the incentive coupon program it did not receive any major complaints.

Future Plans

Regional Transit's existing sales outlet program currently brings $615,000 per month to the District, or approximately 60 percent of total fare revenue. With the monthly benefit increasing to $60, RT feels it has an opportunity to further increase its revenue by bringing in new riders.

The District is currently drafting a marketing plan on how to incorporate and recommend to employers the increased monthly benefit. Several strategies have already been recommended.

First, RT plans to conduct informational seminars on the benefits of the new monthly allowance to employers, ETCs, and other appropriate groups. Second, it plans to develop a flyer explaining the new increase and the benefits of the program. The flyer will be distributed to all sales outlets that could potentially increase their tax-free subsidy. RT will also continue to work closely with Transportation Management Associations and support their efforts to bring employers on-board the Sales Subsidy Program.

RT Contact

For further information on Sacramento's program, contact:

Judith Warriner
Marketing Manager
Sacramento Regional Transit District
P.O. Box 2110
Sacramento, CA 95812-2110
(916) 321-2826

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Spokane Transit Authority
Spokane, Washington

Employer Sponsored Bus Pass Program

Spokane Transit Authority provides several public transportation options for Spokane area commuters. STA offers fixed-route bus service, paratransit for those whose disabilities prevent their use of fixed-route service, and a commuter rideshare program.

STA fixed-route bus service has routes that cover major portions of Spokane County's urban area. Fixed route service operates seven days a week and year-round.

Adults and youth (18 years old and younger) pay a cash fare of $.75; the cash fare for riders 65 years of age and older and people with disabilities is $.35. To be eligible for the reduced fare, an individual must display a reduced fare card, which is issued based on proof of age and/or disability. Monthly bus passes are also available. Adult passes are $25, youth $19, and $12.50 for a VIP pass. A reduced fare card must be displayed when using a VIP pass. A valid student ID must be displayed when using a youth pass.

STA's Commuter Rideshare Program consists of vanpool fleet operations, carpool ridematching service, and discount bus pass programs.

Pass Programs

STA has two discount bus pass programs. The first is for employers to provide discount passes to employees, and the second is for area college students.

Under the Employer Sponsored Bus Pass Program (ESBPP), STA provides discounted bus passes to employers. STA's discount is $2.50 on each pass sold. When an employer sells those passes to employees, the employer at least matches STA's discount, so that the cost of a monthly adult pass to an employee will be no more than $20. All classes of bus passes can be purchased through the ESBPP.

The College Student Bus Pass Program (CSBPP) is similar. College student bus passes are valid for one academic quarter; STA's discount is $7.50 on each pass, with the participating Associated Student Organization matching the discount. The cost to students is then $60.

STA Contact

For more information about STA's Employer Sponsored Bus Pass program, contact:

Arnold E. Stone
Rideshare Coordinator
Spokane Transit Authority
1230 W. Boone Ave.
Spokane, WA 99201-2686
(509) 325-6000, ext. 167

Participating Employers

Employers that participate in the STA program are listed in Section 4 of this Tool Kit, "Participating Employers."

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Transit Authority of River City
Louisville, Kentucky

Employer Subsidy Program

Program Description

The Transit Authority of River City's Employer Subsidy Program has been in effect for several years and has been reasonably successful. Employers purchase transit tickets in lots of 10 for $5; this provides a 10-cent discount off the peak hour cash fare. The same discount is available to other passengers at banks and other sales outlets.

There is no minimum or maximum number of tickets an employer must purchase, except that they are sold in strips of ten. The employer then sells the ticket strips to employees at whatever subsidy the employer chooses to provide. Some subsidize at 100 percent, some a smaller percentage, and some don't subsidize, but just sell tickets to employees at face value as a service.

Most employers buy the tickets on consignment; some pay up front. TARC delivers the tickets with 24-hour advance notice. Ticket sales are handled directly by the TARC cashier with other program administration handled by the Marketing and Communications Department.

Marketing

Two brochures are used to support the program. One is provided to employers who are potential participants; the other is distributed to employees of participating companies. The back panel of the employer brochure is printed with information specific to that particular employer, such as where tickets can be purchased on site or when a TARC representative will be available to answer questions.

TARC offers as much marketing support as an employer wants, including articles for company newsletters, customized flyers or posters, and the like. The system encourages the employer to schedule at least one site visit by a TARC service representative to offer personalized trip planning. At these initial site visits, TARC sometimes distributes free tickets to employees.

TARC is currently experimenting with a monthly pass program available to employer subsidy participants. The tickets, however, are more popular with employees, primarily because they do not expire at the end of the month.

Evaluation

The employer subsidy program currently has 18 companies enrolled. Potential participants for the program are contacted through letters, follow-up phone calls, and requests for an appointment. Most success has been with downtown employers where parking is becoming more scarce and more expensive. Employers who are facing the problem of requiring employees to pay for all or part of their parking for the first time are particularly receptive. Those who are less receptive include employers in suburban areas and those that employ several shifts. At employers with more than one shift, certain employees cannot use bus service because it is not available at all shift times, thus making this benefit available only to a select group of employees.

Future Plans

The increase in the monthly benefit to $60 probably will not substantially aid TARC's marketing success. The monthly fare is only $21 currently, so even a 100 percent subsidy under the old benefit would be completely eligible for tax benefits.

TARC Contact

Perry Jacobs
Transit Authority of River City
1000 West Broadway
Louisville, KY 40203
(502) 561-5113

Participating Employers

Employers participating in TARC's Employer Subsidy Program are listed in Section 4 of this Tool Kit, "Participating Employers."

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TransitCenter
New York, New York

TransitChek Program

The TransitChek* Program was introduced in the New York/New Jersey metropolitan region in 1987 as an efficient and simple means of encouraging the metropolitan business community to provide a tax-free transit subsidy. TransitChek is both a regional transit voucher and a financial instrument which transit operators in the metropolitan New York/New Jersey area (transit operators in New York, New Jersey, Connecticut, and Pennsylvania) accept as payment when presented for the purchase of a transit ticket, token, or pass.

In its simplest form, TransitChek is a voucher that is a bank-acceptable check. The TransitChek voucher, developed by TransitCenter, is the same size as a personal banking check and is encoded with a readable microline that meets the Federal Reserve Bank's check clearing standards and specifications. Because the voucher meets all requirements of the federal banking system, it can be deposited by transit operators in their bank accounts, as a regular check, to receive payment for the sale of their fare media.

To employees, TransitChek serves as a 'check-like' financial instrument. Transit operators accept TransitChek vouchers, just like cash, for the value that is printed on the voucher's face. Monies that TransitCenter has collected in advance from employers is used to fund the depository account out of which bank-redeemed TransitChek vouchers are paid.

In 1993, TransitCenter will offer the new $60 monthly transit subsidy by providing two TransitChek voucher denominations: $15 and $30. Each voucher has a 13-1/2 month validity period, which allows small companies to order a yearly supply of the vouchers without fear that they will expire. Security features are incorporated into the voucher to guard against counterfeiting.

Administration

The TransitChek program was developed and is administered by the TransitCenter, a unique public-private alliance established with the goal of promoting transit. TransitCenter was created in 1986 with financial support from its three founding members: the Port Authority Trans-Hudson Corp., the Metropolitan Transportation Authority, and New Jersey Transit. Its board of trustees also includes representatives from private transit operators, the New York business community, and the city of New York.

TransitCenter administers the TransitChek program and guides its development. Certain specialized operations are contracted out, but overseen by TransitCenter staff. Key among these is the fulfillment process.

Companies enroll in the program through an order form which they complete and return to TransitCenter's customer service department. Existing customers automatically receive reorder invoices that serve to remind the company to send payment for its next order to maintain their schedule of shipments. Orders must be prepaid.

The company determines which employees receive TransitChek vouchers and the frequency of distribution. More than 40 transit operators in the region accept the vouchers.

Since operators cannot return change on a purchase that is less than the face value of the TransitChek, employees must use the TransitChek vouchers to purchase fare media that is equal to or greater than the value of the voucher. Employees often add to the value of their TransitChek vouchers with a co-payment.

Marketing

TransitCenter began various major marketing campaigns in 1988, which have been continued and expanded through to today. Two key components of the marketing campaign are: (a) consumer based marketing, and (b) business-to-business direct mail marketing.

Consumer marketing is geared toward getting employees to educate their employers about the program by either obtaining information from TransitCenter and sharing this with their company and its decision-makers, or by contacting TransitCenter and having the information mailed to key decision-makers in the company.

Direct mail marketing is intended to provide detailed information about the program directly to company decision-makers: executives, financial officers, human resource managers, office managers, etc. TransitCenter has generally engaged in at least one major direct mail activity per year to approximately 30,000 companies. The information in the direct mail package allows a company, with little or no follow-up on the part of TransitCenter, to understand the program and begin its participation by completing and remitting an order form and payment.

Over the past five years, the combination of consumer marketing to employees and business-to-business mailing to employers has helped develop a high level of awareness of the TransitChek program within the business

community. In 1993, TransitCenter plans to utilize the mass media to a much greater extent than in the past.

Growth of Program

The TransitChek was inaugurated in Oct. 1987 with 18 enrolled companies. At the end of 1992, nearly 2,100 companies have enrolled in the program, with almost 45,000 employees receiving a commuter benefit. The average size of enrolled companies is a firm with 25 employees, which shows that this program can be effectively marketed to small business, a market generally untapped by transit operators when marketing pass sales programs.

Small companies require significantly less initial sales effort to market the program. Large companies, because of their bureaucratic decision-making processes, take significantly more time to ultimately collect all the information necessary to make a decision to participate.

The Future of TransitChek

TransitCenter has worked closely with cities and transit operators around the country to encourage the growth of similar voucher programs. Nationally, TransitCenter licenses the name TransitChek (a registered product name) at a nominal fee, to other operators to establish national recognition for this type of transit subsidy program. TransitChek-like programs have been introduced in the Chicago, Philadelphia, Los Angeles, and Sacramento (Calif.) areas. TransitCenter has actively promoted technical assistance to transit operators around the country that have expressed an interest in developing a transit voucher program, and will continue to offer assistance to others.

TransitCenter Contact

For more information about the TransitChek program, contact:

Larry Filler
Executive Director, or
Mark Carter
Manager, TransitChek Program
TransitCenter
One World Trade Center, 25N
New York, NY 10048
(212) 432-4260

* TransitChek is a registered product name of the TransitCenter.

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Washington Metropolitan Area Transit Authority
Washington, D.C.

MetroPool

Program Description

WMATA's MetroPool program makes transit fares and Metro Flash Passes, farecards, tickets, and tokens directly available to employees at their workplace, encouraging them to utilize public transit. WMATA assists private employers and federal agencies with a preliminary employee survey to determine employee interest, and then works with the organization to determine the right inventory, quantity, and distribution of transit fare media.

Once a MetroPool account is established at a private business, WMATA delivers time-sensitive fare media (such as Flash Passes, which have specific validity dates) every two weeks. All other fare media that is not time-sensitive is delivered upon reorder by the employer. WMATA provide forms for account reconciliation and a postage-paid envelope for return of the form, payment, and outdated fare media. Procedures are similar for federal agencies.

More than 250 organizations participate in the private MetroPool program, and 79 federal agencies participate in the federal MetroPool program, with an estimated 50,000 employees combined a transit subsidy benefit.

Administration

WMATA's MetroPool programs are managed and operated by the Office of Communications' Sales Section. MetroPool is one of five major sales programs operated by the Sales Section, currently requiring approximately 50 percent of the section's administrative time. The Sales Section has 21 employees, 3 of which are dedicated full-time to MetroPool sales efforts.

Periodic support is received from other staff members normally dedicated to retail sales, direct sales advertising, merchandising, WMATA sales offices, and administrative support.

Marketing

WMATA has undertaken very vigorous, high-visibility marketing of its federal MetroPool program. This marketing featured the message "Uncle Sam Wants You," with radio and system advertising and support collateral material using the Uncle Sam character. WMATA's regular MetroPool program, in existence since 1979, has been advertised over the years in brochures and print

media. In 1989, a sales kit was developed that featured specific inserts and instructions for private businesses. The opening of the federal market and the visibility of the Uncle Sam campaign has heightened private sector awareness. More specific private sector marketing is planned in tandem with the federal sector marketing when WMATA's new "MetroChek" product is introduced.

Traditional sales efforts have included direct mail marketing, scheduled and cold sales calls, telemarketing, WMATA-sponsored workshops, and solicitations through governmental bodies.

Marketing Evaluation

MetroPool campaigns have generated very positive results for both the federal and private programs. Since September 1991, WMATA has signed up 79 federal agencies with nearly 20,000 employees participating. The number of private sector firms receiving fare media directly or indirectly through MetroPool have increased from 125 in July 1991 to 256 in December 1992. It is estimated that the programs will generate more than $7 million in FY 1993.

Future Plans

In cooperation with its regional transit partners and the Federal Transit Administration, WMATA has developed "MetroChek," a special Metrorail farecard that can be exchanged for the fares of any participating transit provider. MetroCheks will be available in $1, $5, $10, and $20 denominations, and may be exchanged for fares of equal or greater value at any participating transit provider.

WMATA Contact

For information about the MetroPool and MetroChek programs, contact:

David Halperin
Sales Manager
Washington Metropolitan Area Transit Authority
600 Fifth Street, N.W.
Washington, D.C. 20001
(202) 962-2782

Participating Employers

Employers that participate in WMATA's MetroPool program are listed in Section 4 of this Tool Kit, "Participating Employers."

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Delaware Valley Regional Planning Commission
Philadelphia, Pennsylvania

Commuter Benefit Program

The Delaware Valley Regional Planning Commission sponsors the TransitChek voucher program in an area that covers transit providers in parts of three states: Pennsylvania, southern New Jersey, and all of Delaware. The program was begun in June 1991. As of Jan. 1, TransitCheks will be offered in six denominations: $7, $15, $21, $30, $45, and $60.

The three largest transit system participants are the Southeastern Pennsylvania Transportation Authority, Philadelphia; New Jersey Transit; and the Port Authority Transit Corporation, Lindenwold, N.J.

The DVRPC administers the program with two full-time staff and a part-time supervisor. Order fulfillment is conducted by the Commuter Check Services Corporation. The marketing and labor costs of the program are paid for by the departments of transportation of the three states, and the transit operators themselves.

Marketing

Marketing efforts have included direct mail to employers; transit system advertising, including seat drops and car cards; and small amounts of trade journal advertising. The DVRPC is about to launch a television campaign through a partnership arrangement with a local television station. To date, the seat drops have been the most effective tool used.

Future Plans

Future promotional plans include the television campaign, along with television news feature stories. The focus of promotional efforts will be on transit and clean air act compliance programs of employers.

Contacts

For more information about the DVRPC Commuter Benefit Program using TransitChek vouchers, contact:

Paul Pezzotta
Associate Director, Transportation Planning
Delaware Valley Regional Planning Commission

The Bourse Building, 21 South 5th Street
Philadelphia, PA 19106
(215) 592-1800

John Magee
Director, Revenue Development
Southeastern Pennsylvania Transportation Authority
(215) 580-7930

Marion Darlington
Manager of Marketing and Advertising
Port Authority Transit Corp.
(609) 772-6927

Louis Capadona
Director, Business Transit Alliance
New Jersey Transit
(201) 491-7109

Participating Employers

A partial list of employers that participate in the DVRPC's program can be found in Section 4, "Participating Employers."

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Transit Commuter Benefit Programs

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Alexandria Transit Company (DASH)
Alexandria, Virginia

Transportation Management Program

Employers are providing subsidized transit benefits in Alexandria, Va. as part of a larger program conducted by the Alexandria Transit Co., which runs the DASH bus system. Alexandria works with the development and business community through its Transportation Management Program outreach effort. The TMP outreach effort came about in response to a city ordinance requiring large commercial developments to implement transportation management programs aimed at reducing traffic congestion in the city.

A key element of the ordinance is the designation of an onsite transportation coordinator who is responsible for the implementation and ongoing operation of a development's transportation program. The TMP outreach focuses on providing these TMP coordinators with a comprehensive understanding of the service operated by Alexandria transit; marketing transit alternatives to employees, residents, and visitors traveling to and from the development sites; and establishing onsite sales of transit passes at a discount. Alexandria has consignment agreements with a number of local employers and developers.

DASH provides personalized transit information for the TMP sites. The information highlights such things as DASH commuting times to and from locations, how DASH buses connect to popular shopping areas, and visitor and tourist attractions in the city.

Due to the success of the initial TMP outreach efforts, Alexandria plans to continue to target employer and residential sites with similar promotion and marketing opportunities.

For further information, contact Tina Stauber, Marketing and Sales Coordinator, Alexandria Transit Co., 116 S. Quaker Lane, Alexandria, Va. 22314; (703) 370-3274.

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Massachusetts Bay Transportation Authority
Boston, Massachusetts

Corporate Pass Program

In Boston, the MBTA's corporate pass program includes 150 companies that subsidize all or part of the cost of a monthly pass for employees, and another 800 companies that sell passes on site for the convenience of employees but do not subsidize the cost. Businesses and organizations subsidizing transit passes have as few as five employees and as many as several thousand.

Passholders comprise a special class of MBTA users, and through the existing network of corporations and retail outlets, passholders receive special attention in the form of communications.

A FAX network is available for emergency notices to participating companies. Maps and various pass program brochures are distributed to passholders through their pass program administrators in the business community. Corporate editors have also been identified and, as a result, articles on the pass program appear in corporate newsletters.

The T plans to contact businesses already participating in the pass program to let them know about the new tax policies, as well as large employers that do not currently participate. The agency also plans a major public information campaign to let the general public know about the benefit. Advertising on the T and in print media will be utilized as well.

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Niagara Frontier Transportation Authority
Buffalo, New York

Commuter Check* Program

The Niagara Frontier Transportation Authority began a transit commuter benefit program in October 1992 based on the Commuter Check voucher system. Vouchers in NFTA's program are for $20.

The system kicked off its marketing campaign for the program with the theme "Better Fare . . . Better Air." As part of the campaign, a letter signed by Gov. Mario M. Cuomo was sent to 12,000 local employers urging them to participate in the program.

The New York State Energy Office provided $140,000 for program start-up, administration, and evaluation. The funding comes from petroleum overcharge funds recovered from oil companies found to have violated Federal petroleum pricing regulations from 1974 to 1981.

For more information about NFTA's new Commuter Check program, contact Daryl Rasuli, Manager-Communications, Niagara Frontier Transportation Authority, 181 Ellicott St., P.O. Box 5008, Buffalo, N.Y. 14205; (716) 855-7218, or Richard Oram, President, Commuter Check Services Corp., 248 West 88th St., Suite 14-C, New York, N.Y. 10024; (212) 874-4041.

*Commuter Check is a registered trademark of the Commuter Check Services Corp.

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Port Authority of Allegheny County
Pittsburgh, Pennsylvania

Voucher Program

The Port Authority of Allegheny County initiated its commuter benefit program in July 1992 using the TransitChek voucher system. PATransit is working with the Delaware Valley Regional Planning Commission in Philadelphia to offer the program; TransitChek is a licensed product name of the Transit Center in New York.

Before the increase in monthly benefit up to $60, PATransit was offering vouchers in $7 $15, and $21 denominations. Because PAT is a member of the DVRPC group, an employer that has offices in Philadelphia, New Jersey, Delaware, or Pittsburgh can order from one office and give the vouchers to employees at any location that participates in the program.

The program is administered through PAT's marketing department.

Also participating are:

- o Beaver County Transit Authority (BCTA);
- o Mid-Mon Valley Transit Authority;
- o Westmoreland County Transit Authority;
- o G.G. & C. Bus Lines Co., Inc.;
- o DeBOLT Unlimited Travel;
- o ACCESS; and
- o Amtrak.

PAT's marketing department is responsible for the promotion and selling of the TransitChek program to employers in the Pittsburgh/Allegheny County area. The other transit operators are responsible for promoting and selling the program to their local area employers. A special hotline telephone number has been set up so that interested employers can receive immediate attention from a marketing representative.

For further information, contact Sharon E. Barton, Supervisor of Sales, Port Authority of Allegheny County, 2235 Beaver Avenue, Pittsburgh, PA 15233-1080; (412) 237-7386.

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Regional Transportation District
Denver, Colorado

Consider the Alternatives Program

In Denver, the Regional Transportation District has taken an aggressive approach to encouraging employer use of transit subsidies.

From 1991 to 1992, the number of companies participating in RTD's transit subsidy programs has grown from 175 to 644. The Consider the Alternatives program offers employers a choice from among four alternative transportation options specifically designed for business:

o Employer Sales Outlet -- businesses can sell monthly passes to employees at work;
o Pass-by-Mail -- companies can purchase bus passes for their employees through the mail;
o Commuter Check transit vouchers -- employers can provide the commuter benefit through vouchers, which the employees use to purchase fare media from RTD; and,
o The Eco Pass Program -- An unlimited ride, annual pass purchased for all employees in an organization.

In the Eco Pass Program, an employer purchases a deeply discounted, unlimited use, annual transit pass for all employees within the organization. First started in October 1991, by October 1992 the program had attracted 352 companies with more than 19,000 employees. Among those companies' employees, the number of bus riders has grown by 20 percent and bus ridership has increased by an average of 160 percent.

The cost of the Eco Pass to each company varies, depending on the amount of bus service available to serve the company's location. RTD joined forces with the Denver Regional Council of Governments to offer the program.The DRCOG backs up the Eco Pass with a Guaranteed Ride Home program, which offers free taxi service for emergency situations.

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Tidewater Regional Transit
Norfolk, Virginia

Commuter Check* Program

Tidewater Regional Transit started up its Commuter Check program in the spring of 1992. During the first six months of the program, 30 area businesses participated.

TRT marketed the Commuter Check program in several ways.

First, an employee-driven promotion was implemented. Bus operators distributed to riders brochures that had brief details of the program along with a postage paid postcard. When the rider returned the postcard, a kit with full details of the program was sent to the rider, who was encouraged to provide it to his or her employer's benefit representative. More than 500 kits were distributed through this promotion.

Next, TRT approached area tourism departments, hotel and motel associations, restaurant associations, and shopping mall management companies to ask them to include details of the program in a mailing to their members. In addition, the area Employment Commission Services and Human Resource Management Societies were informed of the program's benefits.

The program also received coverage in local newspapers and television broadcasts. TRT has also arranged for a local television station to co-sponsor the program, which will give the Commuter Check program free coverage.

*Commuter Check is a registered trademark of the Commuter Check Services Corp.

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Tri-County Metropolitan Transportation District of Oregon (Tri-Met) Portland, Oregon

TransitCheck

In Portland, some 70 employers are using Tri-Met's TransitCheck system to subsidize transit passes for employees.

In the program, Tri-Met provides TransitChecks that include the employer's name and the amount that will be provided toward an employee's transit pass. The employer then gives the TransitChecks to employees, and those that want to purchase passes then mail the TransitCheck, along with their share of the cost of the pass, to Tri-Met. Tri-Met then mails the pass to the employees' homes and bills the employer for the TransitChecks redeemed.

TransitCheck is often promoted in kits Tri-Met has developed for employers to give to new employees. The kits include basic transit and carpooling information along with three free tickets to ride on Tri-Met buses or its light rail system. Tri-Met also helps employers sponsor on-site transit fairs, which help to draw attention to TransitCheck and other transportation benefits.

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Other Programs

RTA Transit Check
Chicago, Illinois

In the Chicago area, the Regional Transportation Authority sponsors a voucher program called RTA Transit Check, which was begun in August 1990.

The Chicago Transit Authority, Metra (commuter rail), and PACE (suburban bus service) all participate in the program. The vouchers can be used to purchase passes and tokens at employers, banks, currency exchanges, transit sales outlets, large area grocery chains, and through the mail.

CTA, Metra, and PACE all carry signs inside their vehicles to publicize the availability of Transit Checks; the signs give the information number to call for details and an explanatory brochure.

Future plans of the CTA for promoting the vouchers include the use of a pair of cartoon characters (a walking purse and wallet named Paula Purse and Bill Fold) promoting the idea of "Letting Your Boss Pay Your Fare! Well, Part of It, Anyway." The CTA also plans to announce the increased monthly benefit with the slogan, "$60 Transit Check--Bigger Than Ever."

Commuter Check* Program
San Francisco Bay Area

In the San Francisco metropolitan area, the Commuter Check voucher program is sponsored by the Metropolitan Transportation Commission.

A dozen transit agencies participate in the program, including AC Transit, Bay Area Rapid Transit (BART), San Mateo County Transit District (samTrans), San Francisco Municipal Railway, and the Santa Clara County Transportation Agency. The program was begun in September 1991.

*Commuter Check is registered trademark of the Commuter Check Services Corp.

Southern California TransitChek
Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties

Southern California TransitChek is sponsored by the Southern California Association of Governments, and includes more than 15 participating transit providers. The program is administered by The Voucher Corporation.

Participating transit providers include Culver City Municipal Bus Lines, Foothill Transit, Los Angeles Department of Transportation, OMNITRANS, Orange County Transit District, Riverside Transit Agency, Southern California Rapid Transit District, South Coast Area Transit, Sun Bus, and Gardena Municipal Bus Lines.

For further information, contact Bill Martinez, Southern California Association of Governments, (213) 236-1846; or Sheila Irani, Director, Transit Services, The Voucher Corporation, (714) 821-4540.

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Outline for Establishing a Transit Commuter Benefit Program

The following outline was prepared by the Marketing Department of the Milwaukee County Transit System. It is intended as a basic checklist to use for establishing or considering a transit commuter benefit program.

General Decisions Required

A. Program operation method
B. Fare forms accepted
C. Voucher amount(s), if a voucher program is used
D. Handling fees
E. Administrative responsibility
F. Sales responsibility
G. Marketing methods

Factors Involved

A. Program operation method

There are four alternative structures for a transit benefit program:

1. An employer-subsidized sale or distribution of fare forms direct to employees;

2. A transit fare discount or coupon program, administered by the employer;

3. A voucher program, administered by a transit system or similar entity, such as an MPO;

4. A combination direct sale and voucher program.

Employer-subsidized direct sale is the simplest form for the transit agency, but typically is only adopted by larger companies that have a cashiering function or restrict the subsidy to monthly passes. This form is the easiest for smaller transit agencies to implement.

Voucher programs are easier to "sell" to employers because the vouchers can be used by employers of all sizes and can be applied to a number of different fare forms or transit providers. However, to be most effective, they

require a system of readily accessibly sales outlets. An internally operated voucher program is usually the best choice when a transit agency already has personnel assigned to the mail order sale of fare forms. If the program must be started from scratch, an externally operated voucher program may be easier to organize.

Finally, even if an agency already has an employer-subsidized direct program, a voucher program can still be a good addition for use by smaller employers, which employ a majority of the total work force.

B. Fare forms included

The choice of fare forms included will depend upon which operation method is used, what forms are discounted, and what fare forms are appropriate for commuters.

For example, direct discounts by employers are usually limited to a single fare form, primarily to simplify fare handling for the employer. On the other hand, if a voucher program is chosen, existing sales outlets handle all fare form sales, so there is no need to eliminate any fare forms other than student fares, which are not eligible under the federal law.

C. Voucher amount(s), if a voucher program is used

Generally, a single, common denominator voucher amount will be easiest to employ, because a single amount emphasizes the simplicity and the "one size fits all" aspect of vouchers.

The voucher value should also be set at a level that the minimum amount (one voucher per month) does not deter employers from joining.

For example, even if all of the monthly pass forms in an area are priced at more than $60 per month, it would still be prudent to set the voucher amount at $30. This would not stop an employer from giving the maximum benefit, but would provide a choice for those employers that may not be able to afford the full $60 per month.

If an employer-subsidized direct discount program is chosen, the benefit amount question is eliminated. The employer can choose any benefit amount up to the maximum benefit or the total cost of a month's fares, whichever is smaller. However, even in that case, it will be easier to sell the program with a recommended amount (or choice of amounts) and a clear rationale for the amount.

D. Handling fees

If vouchers are used, handling costs will be incurred either for services provided by a private corporation or to cover bank charges and printing of the vouchers, which are in fact specialized checks. These costs are generally small and the decision as to whether or not to pass them on to employers would generally depend upon whether employers are already paying taxes for transit, such as a payroll tax, that individual taxpayers or property owners do not pay.

E. Administrative responsibility

A decision concerning administrative responsibility for a transit benefit program will again depend upon the type of program used. In the case of a direct sales or internally operated program, the question is whether order fulfillment, which both require, should be done by the marketing or treasury department of the transit agency. In the case of an externally operated program, reporting of sales, redemptions, and other operating statistics can easily be done by the marketing department.

F. Sales responsibility

The assignment of sales responsibility for the benefit program will depend upon whether the agency has an existing sales force, (these are normally employed to make sales to employers providing direct discounts), how large the market is, and what personnel resources are available to do the start-up work for a program.

G. Marketing methods

As with any other budgetary decision, the marketing methods used will depend upon the overall level of resources available for marketing; whether existing budgets for advertising, creative services, printing; and other services can be used to establish a benefit program; and whether the benefit program will be given a separate budget for marketing expenses.

There are two major targets for a transit benefit program: riders and employers. Riders will generate leads for you and will stir interest within their companies. Understand that employers can move very slowly, although smaller employers will generally commit to a transit benefit program faster that larger, more bureaucratic, companies.

The marketing required for a transit benefit program includes:

1. Development of the initial awareness of the program (typically through news releases, a rollout ceremony, and initial informational advertising);

2. Direct mall advertising to companies and advertising in business publications;

3. Probably most important, "rider push" advertising on transit vehicles and through seat drop, station handout, or park and ride lot windshield advertising;

4. Direct Sales - particularly the ability to "walk thru" the program and the ability to "close" the sale;

5. A telephone hotline; and

6. Baseline and follow-up surveys that can verify the need for and effect of the program.

Materials, Procedures, and/or Arrangements Required for Each Area

A. Program Operation (including method, fare forms, and voucher amount)

1. Voucher design
2. Order form
3. Order fulfillment procedures
4. Sales outlet informational letter and instructions
5. Participant instructions
6. Redemption procedures
7. Sales and operations

B. Marketing

1. Campaign slogan
2. Initial news release
3. Employer information brochure
4. Transmittal letter
5. Mailer envelope
6. Direct mail list
7. Mailing service price quote
8. Rider program summary and information request mailer
9. Bus card
10. Farebox card
11. Exterior bus poster

12. Television and radio ads
13. Print ads
14. Rider newsletter articles
15. Promotional "slugs" for printed materials such as timetables, system maps, etc.
16. "Travel agent" and free trial procedures
17. Telephone hotline

C. Sales

1. Phone script for cold calls
2. Sales contact recordkeeping and follow-up system
3. "Prospecting" methods
4. Sample enrollment form and enrollment memo
5. Follow-up survey
6. Baseline and follow-up surveys

*****

Voucher Programs and Service Providers

A commuter benefit program based on the use of vouchers is becoming a popular tool for transit systems that want to offer the employer subsidy. Operators across the country are using the programs to offer business owners and their employers substantial tax-free savings on transit fare.

In fact, with the recent increase from $21 to $60 per month the amount employers may give their employees in tax-deductible, tax-free vouchers, business owners are finding that transit vouchers are an ideal, cost-effective fringe benefit for their workers. The programs are also easy to administer, and can be used by large and small employers alike.

For transit systems, one of the most favorable aspects of the vouchers are that they require little, if any, administrative support. Because businesses order vouchers directly with the transit voucher supplier, the transit system does not become the middle man. And the transit vouchers are flexible enough so transit systems can have them tailored to their needs. Transit officials currently implementing transit voucher programs have said they like the flexibility because it allows them to coordinate the voucher costs with existing monthly or yearly pass plans their systems offer.

Here is how a voucher-based system works, in general:

- o An employer orders vouchers directly from the voucher service provider, and pays the provider. The provider may also add a small service charge.
- o The employer gives the vouchers to employees. The amount given and who receives the vouchers is up to the employer.
- o The employees then use the vouchers just as they would a personal check to purchase transit fare media from the local transit system or sales outlets.
- o The transit system deposits the vouchers in its bank account -- just as it would with personal checks. The vouchers are redeemed through the banking system.

The transit system will still be responsible for the marketing and promotion of the benefit to employers and employees.

Voucher Service Providers

Presently, there are two APTA Associate Members that provide transit voucher services -- Commuter Check Services Corporation and The Voucher Corporation.

Commuter Check Services is currently administering Commuter Check programs in the San Francisco Bay area, Denver, Milwaukee, Norfolk/Virginia Beach, Va., Philadelphia/South New Jersey/Wilmington Del., Pittsburgh, and Buffalo areas.

Commuter Checks, which look similar to regular checks, are sold to employers, who in turn give them to their employees to use at transit sales outlets for tickets, passes, tokens, etc. They are treated as bank checks, with redemption accomplished via banking channels.

Commuter Check Services reports that it provides full-service support to transit agencies, including specifying local program requirements, document design and printing, computer-based on-going administration including pre-scheduled employer invoicing and account management, revenue control and distribution, marketing and planning support, and customer service support.

The Voucher Corporation, a division of Accor, the world's largest distributor of benefit vouchers, is currently administering the Southern California TransitChek program, which is being used in five-county area in southern California as well as the Sacramento region. Operators include bus, light rail, vanpool, taxi, and Amtrak services.

The company can produce vouchers in any value the employer needs, and employers may order an entire year's worth of vouchers to save time and money. The Voucher Corporation will also refund the face value of returned vouchers if they have not expired, and there is no minimum value or minimum quantity per order.

Both Commuter Check Services and The Voucher Corporation offer their services nationwide.

For More Information

For more information on The Voucher Corporation services, write to Sheila Irani, Director, Transit Services, The Voucher Corporation, 5836 Corporate Avenue, Suite 150, Cypress, CA. 90630-4729, or call her at (714) 821-4540.

For more information on the Commuter Check Services Corporation's Commuter Check, write to Richard L. Oram, President, Commuter Check Services Corporation, 248 West 88th Street, Suite 14-C, New York, N.Y., 10024, or call him at (212) 595-6056.

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Sample Press Release
(To Employers)

Here is a sample press release that you can customize for use in your local area to promote the tax-free transit commuter benefit to employers:

An inexpensive, tax-deductible worker benefit that gives your employees a safe, stress-free commute to and from the office everyday. Sound too good to be true?

It isn't.

Thanks to a recent change in the federal tax code, employers may now offer workers one of the most prized benefits available -- a free ride to and from work.

The benefit is called the *(name of local commuter benefit program)*. As of January 1, companies can provide employees up to $60 per month in tax-free benefits for commuting on public transit to and from work. Any amount up to $60 is tax-free to the employee and is deductible as a normal business expense to the employer.

When employees commute to work on public transit, everyone benefits.

Employees save money and wear-and-tear on their cars, and get a stress-free ride to work. Traffic congestion is reduced, and best of all, less pollution is put into the local air, because sharing the ride on transit significantly reduces the total amount of vehicle exhaust emissions. And employers get the benefit of employees arriving via reliable public transit.

(If appropriate, include note here on how the benefit can lead to reduction in employee vehicle miles traveled as will be required of employers by Clean Air Act Amendments of 1990 for areas of the country with severe non-attainment problem.)

"For some time, local employers have told us they would participate in such a commuter benefit program if it would benefit them and their employees," said *(transit system chair or general manager)*. "*(Name of benefit program)* does both. It is inexpensive, it can be administered easily, and it would be extremely popular with employees because their commuting costs are significantly diminished -- in some cases, to nothing."

This is how the program it works:

(Describe your commuter benefit program, including pass prices and discounts, sales outlets, etc.)

(Include a quote here from an employer participating in your commuter benefit program praising its benefits).

(Name of your transit system) can assist employers large and small in implementing the *(name of program)*. Contact *(transit system contact person)* at *(phone number)*. We can get your business going with the new commuter benefit program right away.

It pays to ride transit -- up to $60 a month. PA$$ it on!

*****

Sample Press Release
(To Riders/Employees)

Here is a sample press release that you can customize for use in your local area to promote the tax-free transit commuter benefit to riders/employees:

Thanks to a recent change in the federal tax code, commuters who ride public transit in the *(name of city)* area can now take *(name of transit system)* to and from work -- and have the boss pick up the tab!

That's right! As of January 1, your employer can now provide you a new benefit--up to $60 a month. And not only is it a tax-free benefit for you, but your employer can deduct the benefit as a normal business expense.

"It's a win-win situation for everyone," said *(transit system chair or general manager)*. "Employers win with a cost-effective employee benefit that can be administered easily and is extremely popular with employees. Workers' commuting costs are significantly diminished. And, of course, the entire *(city)* area wins because by boosting transit ridership, we reduce traffic congestion and cut air pollution."

This is how the benefit works.

(Describe your commuter benefit program, including pass prices and discounts, sales outlets, etc.)

(Include a quote here from an employer and/or employee participating in your commuter benefit program praising its benefits.)

Contact your employer for more information. If your employer does not have information about this new employee benefit program, call the *(transit system)* at *(phone number)*. We can get your business going with the new commuter benefit program right away.

It pays to ride transit -- up to $60 a month. PA$$ it on!

*****

Participating Employers

Selected Programs

Division of Transit Services
Department of Transportation - Montgomery County
Rockville, Maryland

Full-Share Program

The following employers are the largest providers of fare media to employees:

ABT Associates
American Speech Language
American Type Culture
Asbury Methodist Village
Congressional Information Service
Coscan Washington
GEICO
General Conference of 7th Day Adventists
George Hyman Construction
Holiday Inn Bethesda
Holiday Inn Crowne Plaza
Macro Systems
Manor Care
Media Cybernetics
National Institutes of Health
National Electrical Benefit
NOAA
Maryland National Capital Park and Planning Commission
Pizza Hut
Rockville, City of
Suburban Hospital
Trammel & Crow
U.S. Generating Co.
U.S. Nuclear Regulatory Commission
University Research Corp.
Washington Adventist Hospital

*****

Madison Metro Transit System
Madison, Wisconsin

Commuter Benefit Program

Among the employers providing a transit commuting subsidy for employees are:

Anchor Savings and Loan

Employer Health Insurance

Madison, City of

Dane County/Sheriff's Offices

Meriter/Methodist Hospital

Marquip

Physicians Plus Medical Group

Earth Care Paper

WHEDA

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Metro Regional Transit Authority
Akron, Ohio

Metro Pass Program

Among the organizations participating in the Metro Pass program are:

Go-Jo Industries

Ambassador Building Services

Midland (Perry & Assoc)

*****

Metropolitan Atlanta Rapid Transit Authority (MARTA)
Atlanta, Georgia

Employers Transit Incentive Program

Employers actively involved in MARTA's Employers Transit Incentive Program are listed below. Names and phone numbers are provided for those employers who have consented to provide information about their programs.

Bank South
Hayley Haley (404) 529-4211
Jane Thomas (404) 529-4288
Bell South Enterprises
Linda Burke (404) 249-4152
Bray/Farmer
Central Atlanta Progress
Atlanta, City of
Joel Gottlieb (404) 330-6260
Mattie Thompson (404) 330-6447
The Coca Cola Company
Carol Mitchell (404) 676-3072
M. Kessler (404) 676-3656
Delectables Restaurant
Federal Highway Admin.
Federal Transit Admin.
Federal Natl. Mortg. Assoc.
Georgia Power Co.
H. Watkins (404) 526-6986
Interstate Commerce Commission
Jones, Askew, Lunsford
M. Kirchner (404) 818-3700
Northside Hospital
Nuclear Regulatory Commission
Resource Service Ministries
Scottish Rite Hospital
Securities & Exchange Commission
Southern Accessories
St. Joseph's Hospital
Angie Bentley (404) 851-7047
Swiss Bank
Travel Mart
World of Coca Cola

*****

Metropolitan Transit Authority of
Harris County (Houston Metro)
Houston, Texas

Corporate RideSponsor Program

Companies that participate in the Corporate RideSponsor Program include:

Baker & Botts Attorneys at Law
Patty Rose
(713) 229-1601

Enron Corporation
Katie Spencer
(713) 853-6242

Greater Houston Partnership
Ms. Nonny Leverenz
(713) 651-1313

Hyatt Regency
Ms. Dana Matlin
(713) 654-1234

Nations Bank
Ms. Jo Dozier
(713) 274-6409

Penzoil Company
Ms. Darlene Cox
(713) 546-8434

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Metropolitan Transit Commission
Minneapolis, Minnesota

T-Bill Program

Companies involved in the T-Bill Program are:

All Industries Supplies, Inc.
Allen Berman Software
Braman and Nelson Inc.
Commuter Connection
Concrete Microscopy Inc.
Dayton's Commercial Interiors
Epic USA
FACS
Federal Highway Administration
Groups Meetings and Incentives
Gustafson Jewelers
Interstate Commerce Commission
Kaufman Stewart
Media Productions
Minnesota Historical Society
Neil B. Dietrerich, P.A.
PC Support Center
Pension Consultants Inc.
Peterson, Conner and Satre
Photos Inc.
Popham Haik
Probate Attorney, P.A.
Robert Blaeser and Associates
Smith, Gendler, Shiell & Sheff
Stoneking and Associates
Thomson Gallery
Travelers Express
Winsor Grain

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Phoenix Transit System
Phoenix, Arizona

Bus Card Plus

Employers participating in the Bus Card Plus program include:

Arizona Baking Co.
Arizona Public Service
Arizona Physicians, Inc.
Bank of America
B.F. Goodrich
Bill Luke Chrysler Plymouth
Brown & Bain
Chambers Belt
Chris Ridge Village
Cities of:
Chandler
Glendale
Peoria
Phoenix
Scottsdale
Tempe
Cummins Southwest, Inc.
Ernst & Young
Federal Public Defenders Office
Fennemore Craig
Gust Rosenfeld
HNTB
IBM
Imperial Litho Graphics
J.C. Penney
John C. Lincoln Hospital
KPNX Channel 12
Kurta Corporation
Lewis and Roca
Mayo Clinic
Meyer Hendricks
O'Connor Cavanaugh
PCS, Inc.
Phelps Dodge Corporation
Ray Korte Chevrolet
Red Lion La Posada Resort
Ryley Carlock & Applewhite
Scottsdale Insurance Company
Security Pacific Bank
Showcase Pontiac
Southwest Airlines
Southwest Gas Corporation
Streich Lang
The Dial Corporation
Transamerica Insurance Group
U-HAUL
U.S. Bankruptcy Court
U.S. District Court
Valley National Bank
VLSI Technology, Inc.
Willis Corron

*****

Red Rose Transit Authority
Lancaster, Pennsylvania

Job-Hop Program

Job Hop participants include:

County of Lancaster
Fulton Bank
Bulova Technologies
Lancaster, City of
Qualipak
Conestoga View

*****

Spokane Transit Authority
Spokane, Washington

Employer Sponsored Bus Pass Program

Organizations participating in the Employer Sponsored Bus Pass Program are:

U.S. Bank
Paine-Hamblen
Preston Thorgrimson Shidler Gates & Ellis, Attorneys
Spokane School District #81
Howard Johnson
Southcrest Center
SeaFirst Financial Center
Deaconess Medical Center
Metropolitan Mortgage
Spokane Legal Services
Washington Trust Bank
Washington Mutual Savings
KeyTronic
Spokane Club
Group Health, Northwest
Perkins Coie
Spokane County
Spokane, City of
St. Luke's Memorial Hospital
Jensen Byrd
Sedgwick James of Washington, Inc.
Washington Trust Financial Ctr.
The YMCA of the Inland Empire
Spokane Sports & Athletic Therapy
ISC - Bunker Ramo
Inland Imaging
Inland Northwest Bank
International Pacific
Children's Center at Wall Street
Bonneville Power Administration
Office of the Chpt. 13 Trustee
Cominco American, Inc.
Sheraton-Spokane Hotel

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Transit Authority of River City
Louisville, Kentucky

Employer Subsidy Program

Employers subsidizing transit commuting include:

Brown & Williamson
Capitol Holding/
Commonwealth Ins.
Citizens Fidelity
Louisville, City of
Courier-Journal
Cowger & Miller
The Cumberland
Dairy Mart Convenience
Home Care Coalition
Humana, Inc.
Jefferson County Government
Louisville Water Company
Mark's Feed Store
Wm. M. Mercer, Inc.
NCNB Mtg.
Secret Service
UMI/Data Courier
WHAS-TV

*****

Washington Metropolitan Area Transit Authority
Washington, D.C.

MetroPool

Private employers in the MetroPool program are:

AFSCME
A.H. Baker Co.
American Public Transit Association
American Security/World Bank
American Univ. Greeting Card
Anchor Mental Health
Arbors at Landmark
Arent, Fox, Plotkin and Kahn
Arlington County Government
Arlington Hospital
Auto Network Inc.
C.A.C.I.
CMC/Qaker Hill Assoc.
Carey International, Inc.
Alexandria, City of
Civilian Welfare Fund (DIA)
Collington Episcopal Life
Columbia Hospital for Women
Covington & Burling
Env. & Energy Study Institute
Fed. Nat'l Mort.
Faulkner & Gray, Inc.
F.B.I. Recreation Association
Federal Deposit Ins. F.C.U.
Fed. Reserve Bd. Credit Union
GEICO
Gallaudet Student Bank
Gates, Hudson & Assoc.
Gaithersburg Senior Ctr.
General Communications
Goddard Employee Association
Greenhill Capitol Corp.
Hechinger's
Holy Cross Hospital
Investment Company Inst.
I.C.F.
Inter-American Bank
Johns Hopkins University SAIS
Kiplinger Wash. Editors
King Street 1 Associates
Marriot Corporation
Montg. Co. Recreation Dept.
Montg. Govt. Ride Sharing
N.A.S.A. Fed. Credit Union
National Assoc. of Broadcasters
National Assoc. of Life Underwriters
NAVSECSTA/Naval Security Station
N.I.H. Fed. Credit Union-Sibley Hosp.
Psychiatric Inst. of Wash.
Riggs National Bank
Rockville Senior Center
Roots Act. Learning Center
Simpson Development Co.
Smithsonian Institute
Student Loan Marketing Assoc.
Synthetic Org. Chemical Mfg.
Temps & Company
Upcounty Service Center
United Services Life Ins. Co.
Vinson & Elkins

Woodward & Lothrop
The Wyatt Company

Federal MetroPool

Federal agencies participating in the MetroPool program are:

Admin. Conference of the U.S.
Advisory Cncl. on Hist. Prsv.
Artic Research Commission
Bureau of the Public Debt
Bureau of Engraving and Printing
Central Intelligence Agency
Commission on Agricul. Wkrs.
Comm. on Natl. & Comm. Serv.
Congressional Budget Office
Defense Nuclear Fac. Safety Bd.
Dept. of Energy
Dept. of Treasury
Dept of Transp./Office of Secretary-Hdqt.
Executive Residence (White House)
Export-Import Bank of the U.S.
Farm Credit Sys. Asst. Board
Federal Aviation Administration
Federal Emergency Mgmt. Agency (FEMA)
Federal Highway Administration
Federal Mediation Conciliation Svc.
Federal Mine Safety & Hlth. Rev.
Federal Railroad Admin.
Federal Transit. Admin.
Fin. Manag. Serv/(U.S. Treasury)
Foreign Claims Settlmt. Comm.
Inter-American Foundation
Institute of Museum Services
International Boundary Commission
International Joint Commission
Interstate Commerce Comm.
James Madison Memorial
Japan-U.S. Friendship Comm.
Maritime Administration
National Aeronautics & Space Adm.
National Capitol Planning Commission
National Commission on Children
National Highway Traffic Safety Admin.
National Institutes of Health
National Mediation Board
National Science Foundation
National Transportation Safety
Nuclear Waste Negotiator
Nuclear Waste Tech. Rev. Board
Nuclear Regulatory Cssn.
Office of Govt. Ethics
Office of Special Counsel
Oversight Board
Panama Canal Commission
Penn. Ave. Dev. Corp.
Postal Rate Commission
Pres. Commission...Women
Securities & Exchange Comm.
Selective Service System
U.S. Arch. & Transp. Barriers
U.S. Board for Int'l Broadcasting
U.S. Coast Guard

U.S. Commission on Civil Rights
U.S. Court of Military Appeals
U.S. Customs Service
U.S. Court of Veterans Appeals
U.S. Institute of Peace
U.S. Mint
U.S. Secret Service
U.S. Senate
U.S. Sentencing Commission
U.S. Tax Court
U.S. Trade and Development Prog.
White House Historical Assn.
Washington Metropolitan Airports Authority

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Delaware Valley Regional Planning Commission (DVRPC)
Philadelphia, Pennsylvania

Commuter Benefit Program

DVRPC Commuter Benefit Program participants include:

Abrams-Cherwony & Associated
Alexander & Alexander
American Bible Society
American Board of Internal Medicine
Center City District
Central Philadelphia Development Corporation
Citizens Coalition for Energy Efficiency
Cooper Hospital/UMC
Covenant Life Insurance Company
Delaware Valley Regional Planning Commission
Electronic Data Systems
Fannie Mae
FCB/Lewis, Gilman & Kynett
Federal Highway Administration
Securities & Exchange Commission
Federal Transit Administration
General Electric-Camden
Greater Philadelphia Chamber of Commerce
Golin/Harris Communications
Hahnemann Anesthesia Associates, Ltd.
Harris & Drutt, Inc.
Insurance Placement Facility of Pennsylvania
J. Craig Currie & Associates, PC
Keystone State Life Insurance
KSL Enterprises
Latex Foam Cushioning Company
Leonard Tillery & Davison
Living Letters Studio, Inc.
Main Line Federal Savings Bank
Mundle & Associates, Inc.
National Board of Medical Examiners
Pardee Resources Company
Peruto & Peruto
Philadelphia Commission on Human Relations
Provident Mutual Life Insurance Company
Quick Courier Service
Segal and Segal
Simon Miller Sales
Sterling Embossing, Inc.
Sullivan Payne Company
Swenson & Associates
The Rehabilitation Institute
The William Penn Foundation
Tri-County Regional Planning Commission
U.S. Interstate Commerce Commission
U.S. Department of Treasury
U.S. Mint-Philadelphia
U.S. Secret Service
United Way of Delaware
West Philadelphia Electric Supply Company

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Updates and Actions

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Robert Lingwood, Canadian Members
Dennis D. Louwerse, Small Operations
Robert G. MacLennan, Bus Operations
Peter E. Stangl, Rail Transit
Paul A. Toliver, Management and Finance
David L. Turney, Associate Member-at-Large

TO: U.S. APTA Members

FROM: Executive Vice President

DATE: December 10, 1992

SUBJECT: **INTERPRETATION OF NEW TRANSIT PASS LAW**

APTA has submitted the enclosed comments to the Internal Revenue Service in anticipation of regulations governing implementation of the new transit pass law. Although the new law does not become effective until January 1, 1993, a number of questions have been raised. We have attempted to address these and other issues of importance to the transit industry.

As we have interpreted the law, beginning January 1, 1993:

- the dollar value of the new "transportation fringe benefit" is $60 per month, up from the current $21;
- the tax "cliff" has been eliminated -- employees now will be taxed only on the value of transit passes in excess of $60 per month;
- parking provided by an employer will, for the first time, be limited to a value of $155 per month tax-free;
- parking at commuter park-and-ride lots now is eligible for the $155 monthly parking benefit, in addition to the $60 transit pass;
- employer-provided vanpools are eligible for the transit pass benefit; and,
- an automatic cost-of-living adjustment for these benefits is provided.

In our comments to IRS we attempted to address the issues of direct concern to the industry. Other issues will undoubtedly arise in the future and we will be prepared to respond. While the IRS has not indicated whether or not it will in fact promulgate new transit pass regulations, it is our view that APTA should be on record as an interested party.

We will continue to provide guidance to APTA members over the next few weeks. Already in progress are a marketing "tool kit" and a brochure designed to educate the business community and general public about the new law.

If you have any questions or need additional information, please contact Amy Coggin at APTA, (202) 898-4116.

Jack R. Gilstrap

Enclosure

APTA

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Gerard T. Haugh Marketing
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Robert Lingwood Canadian Members
Dennis D. Louwerse Small Operations
Robert G. MacLennan Bus Operations
Peter E. Stangl Rail Transit
Paul A. Toliver Management and Finance
David L. Turney Associate Member-at-Large

December 9, 1992

Shirley D. Peterson, Esq.
Commissioner
Internal Revenue Service
Washington, D.C. 20044

Dear Ms. Peterson:

On October 24, 1992, the President signed Public Law 102-486, entitled "The Comprehensive National Energy Policy Act of 1992." P.L. 102-486 mandates improved energy efficiency through a variety of programs.

Section 1911 of the statute provides for a statutory exclusion from gross income for employer-provided transportation benefits including transportation in a commuter highway vehicle, transit passes and parking. The American Public Transit Association (APTA) submits these comments in contemplation of proposed regulations or other interpretations of this new statutory provision.

APTA is an international organization representing local public transit systems. APTA's 1,100 plus members include over 400 American public and private mass transit systems which carry over 95 percent of the persons using public transit in the United States. In addition, APTA represents more than 500 manufacturers, suppliers, consultants, academic institutions, and government agencies involved in the mass transit industry. The Association was actively involved in the events leading to adoption of the "qualified transportation fringe" provision and we are knowledgeable about its legislative history.

PRIOR LAW

The Tax Reform Act of 1984, Public Law 93-369, provided substantial guidance on the tax treatment of fringe benefits. Under new IRC Section 132, Congress provided for two exceptions to the general rule that the costs of commuting between a taxpayer's residence and place of business are not deductible from gross income.

The first exception related to employer-provided parking, which under IRC Section 132 was defined as a "working condition fringe" excludable from gross income. The statute did not establish a monetary limit on the value of employer-provided parking and it was limited only by the requirement that it be provided "on or near the business premises of the employer."

The second exception related to employer-provided transit passes, which under the legislative history of Section 132 were specifically identified as a *de minimis* fringe benefit if the employer-provided value did not exceed $15 per month. If the benefit exceeded $15 per month, then the total value of the benefit was included in the employee's gross income under the so-called "cliff" provision since the benefit's value could no longer qualify as *de minimis*. The Treasury Department later issued regulations increasing the exclusion from $15 to $21 per month to reflect increases in the cost of living. This modification took effect on July 1, 1991.

The public transit industry and others argued that the disparate treatment of commuting benefits under the tax code created an uneven playing field. Free parking at any value could be provided on a tax exempt basis, but only $21 per month in benefits toward a transit pass could be provided. It was argued that this uneven treatment of commuting benefits encouraged single occupant auto commuting, which is the least energy-efficient means of commuting.

CONGRESSIONAL ACTION

Earlier this year, the U.S. Congress decided to provide a new statutory exception for employer-provided transportation benefits. Public Law 102-486, formerly H.R. 776, provides for a new qualified transportation fringe benefit under Section 132 for transportation in a commuter highway vehicle, transit passes and parking. The dollar value of the new transportation fringe benefit is limited to $60 in value per month for transit passes or transportation in a commuter highway vehicle. A similar limitation is imposed for employer-provided parking but this benefit is limited to $155 per month.

An important element of the legislation eliminates the cliff provision because the transit pass benefit is now specifically defined as a working condition fringe rather than a *de minimis* fringe. Under the new law, therefore, an employee would be taxed on only the value of the transportation fringe in excess of $60 for transit passes or $155 for parking, regardless of the value provided by an employer.

Another key element of the legislation provides a cost of living adjustment for benefits provided in tax years after 1992.

The effective date of these provisions is applicable to benefits provided after December 31, 1992.

ISSUES

1. Definition of Mass Transit

New IRC Section 132 (f)(5)(A)(i) defines transit pass as "any pass, token etc. . . . entitling a person to transportation if such transportation is on mass transit facilities." Neither the Internal Revenue Code nor regulations define the term "mass transit" or "mass transit facilities." We suggest that the new regulations define eligible "mass transit facilities" as transportation by bus, rail, ferry or other conveyance, either publicly or privately owned, which provides to the public general or special service on a regular and continuing basis. School buses or vehicles used for charter and sightseeing purposes would not qualify as mass transit for purposes of this section.

2. Cash Reimbursement

New IRC Section 132 (f)(3) expressly provides that the transportation fringe benefits described in the new statutory language may include "a cash reimbursement by an employer to an employee." The statute limits cash reimbursements with respect to transit passes to those situations where a voucher, or other items exchangeable for a transit pass, is not readily available for direct distribution by an employer to an employee.

The cash reimbursement mechanism outlined under new IRC Section 132 (f)(3) may be a valuable tool for extending the transit pass benefit to employees of small or rural businesses where the local public transit system may not have the resources to develop a transit pass or voucher program. The regulations promulgated by the Treasury Department last year recognized and attempted to deal with some of the problems inherent in dealing with cash benefits. The regulation, under 1.132-6(d)(1) states that reimbursement to an employee must be made pursuant to a *bona fide* reimbursement arrangement. Such arrangement will be considered *bona fide* if the employer establishes appropriate procedures for verifying the employee's use of public transportation. Clearly, regulations of this type must balance the potential for abuse with the burden of compliance for small and rural businesses. We suggest that the current regulations may be unduly burdensome and the same result could be reached through a signed written statement similar to agreements between business and independent contractors. The statement would be signed by the employee on a periodic basis and would remind the employee that cash reimbursements are to be used exclusively for commuting expenses on public transportation and that any other use would result in the classification of such funds as ordinary income.

Because of the potential for abuse in this area, we also recommend that the terms "not readily available" in new Section 132 (f)(3) be interpreted narrowly by the Internal Revenue Service to encourage the utilization of transit passes rather than cash reimbursements.

3. Occasional Money for Local Transportation

Regulation 1.132-6(d) (*De Minimis* Fringes) currently provides "Special Rules" for the implementation of the transit pass program under Section 132. APTA urges that the regulations under 1.132-6 regarding "Special Rules" be substantially retained for new Section 132. Occasional employer-provided reimbursement for purposes of local transportation due to unusual circumstances should not be considered income to the employee nor should it be considered part of the $60 cap for an employer-provided transit pass.

4. Qualified Parking

New IRC Sections 132(f)(1)(C) and 132(f)(2)(B) list "qualified parking" as a "qualified transportation fringe" and limit the exclusion to $155 per month. The statutory language and the committee report indicate that employer-provided parking at a commuter parking lot near a transit station is eligible for treatment as qualified parking and is therefore not included in an employee's gross income to the extent the value does not exceed $155.

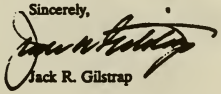
We suggest new regulations make clear that employer-provided parking at or near a mass transit station is subject to the $155 limit for "Qualified Parking" only and not to the $60 limit for transit passes.

The regulations should also make clear that the qualified transportation fringe benefits may in certain circumstances be combined and that they are not mutually exclusive. For example, under the new statutory language an employee could exclude up to $155 per month in employer-provided parking at a commuter parking lot and $60 per month for an employer-provided transit pass to take mass transit to work.

CONCLUSION

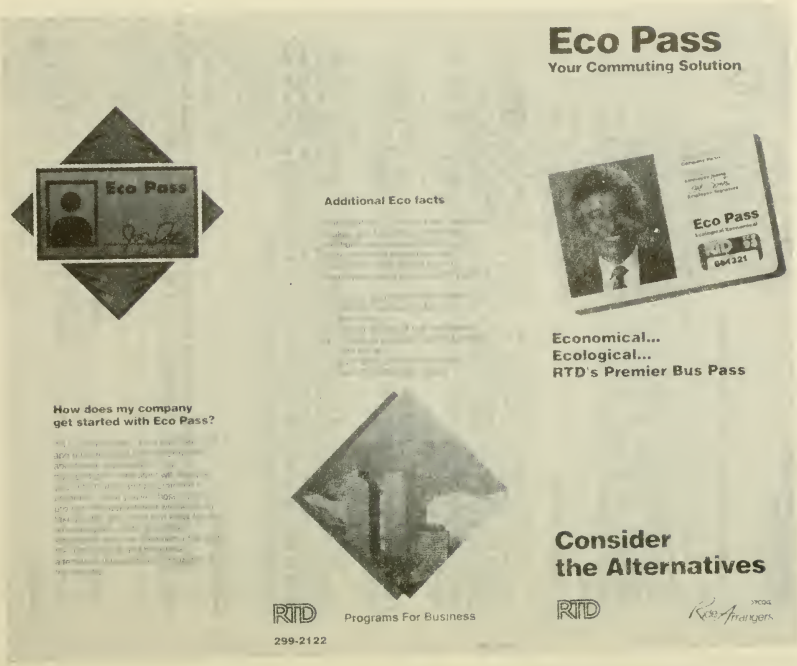
APTA appreciates consideration of the views expressed in this letter and we look forward to working with you on implementation of the transit pass program.

Sincerely,



Jack R. Gilstrap

JRG/kh


Eco Pass
Eco Pass
Additional Eco facts
How does my company get started with Eco Pass?
Eco Pass
Economical...
Ecological...
RTD's Premier Bus Pass
Consider the Alternatives
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Programs For Business
299-2122
RTD

What is the Eco Pass?

What are the benefits of Eco Pass?

Additional Eco Pass Benefit: The Guaranteed Ride Home Program...

How does the Eco Pass work?

"We give our employees costly health insurance, great profit sharing, a wonderful pension plan....and they hardly take notice.

We give them a little old bus pass and they go nuts."

Sara L. Wheeler, Personnel Officer, Colorado State Bank

"As a single mother with two kids, the Guaranteed Ride Home Program gives me an added comfort level."

Kerri Woodbury First Interstate Bank

I hope that early next year we will be able to update the tool kit and step up our own promotional efforts to reflect the program for Federal workers which has gained a vote of confidence in permanent extension from the Congress.

In conclusion, I want to again thank the subcommittee for its leadership on this important issue and urge that at all cost we avoid a lapse in this program. The certainty of a permanent extension would not only lead to our marketing efforts, but allow us to bring more Federal agencies and employees into the program, some of whom have been held back of late, uncertain of the future fate of the program.

I applaud your efforts, Chairwoman Norton, and would be pleased to respond to any questions. Thank you.

[The prepared statement of Mr. Anderson follows:]

Chairwoman Norton and Subcommittee members, good morning. My name is Philip Anderson. I am the Secretary of the Regional Transportation District (RTD) of Denver, Colorado, and the elected RTD Board Representative for District A, which includes downtown, central, and southeast Denver. We are very proud that Representative Pat Schroeder of Denver is a member of the full Post Office and Civil Service Committee and a former member of this Subcommittee. Furthermore, we are most proud of Representative Schroeder's national advocacy for improved mass transit services, and in particular, her wholehearted support of the federal transit benefit program before you today.

It is a pleasure for me to be here today on behalf of the American Public Transit Association (APTA) and the federal employees who commute to work using our nation's public transportation services. I want to commend Chairwoman Norton for her work on extension of the federal employee transit benefit beyond the December 31, 1993 expiration date. The entire transit industry enthusiastically supports this program because:

1) Federal employees should receive equitable treatment compared to private sector workers, whose transit pass benefit has been permanently authorized under a separate law;

2) All federal employees throughout the nation should be eligible for transit pass benefits; and

3) The federal government should take a leadership role in encouraging workers to use public transportation, which will benefit everyone in their communities by reducing air pollution and congestion.

We in Denver are grateful that the federal transit benefit is under consideration because it means a lot to our community. In fact, if there is one myth that I would like to put to rest today, it is the mistaken notion that this legislation is directed at a single metropolitan area. It is national in scope -- that's why Denver RTD was so glad to have me travel back here today.

The Colorado General Assembly created the Regional Transportation District in 1969 to develop, operate, and maintain a mass transportation system for the benefit of the 1.8 million people in RTD's six-county District. The 2,304-square mile District includes the City and County of Denver and five additional counties. We use 803 buses to service over 58 million annual transit boardings -- almost 200,000 transit trips on an average weekday. RTD is currently in construction of the first 5.3 miles of light rail for downtown Denver, with revenue service due to open in October 1994. Within a few days, RTD will receive APTA's Outstanding Achievement Award in recognition of efficiency, effectiveness, and contributions to the transit industry nationally.

Our Eco Pass program has been very successful in increasing transit ridership and reducing automobile air pollution emissions. Transit service and incentives, such as Eco Pass,

continue to be an important component of this region's programs to comply with Clean Air Act emission reduction requirements. The Eco Pass program is popular among private and public sector employees alike because the people of Denver want to protect the quality of life in our community. They know that one way to do that is to use transit whenever possible.

I'm glad to have the chance to comment on the General Accounting Office (GAO) report, *Mass Transit: Federal Participation in Transit Benefit Programs* [September 1993, GAO/RCED-93-163]. The Report depicts a successful federal employee transit pass program. In Denver and elsewhere, participation in this program is still growing.

When the federal employee transit benefit provision was enacted into law for a trial period ending on December 31 of this year, RTD moved to make transit pass programs available to employees in Denver area federal offices. The GAO found that, as of October 1992, 59 percent of eligible employees at 13 federal agencies participated in the Eco Pass benefit program (1,673 out of 2,832 employees, as shown on pages 76-77 of the Report). Participation rates ranged from 100 percent at the Advisory Council on Historic Preservation and the Nuclear Regulatory Commission offices, to a low of about 3.5 percent at the Department of Energy's Western Power Administration.

We now have 2,138 federal employees using the Eco Pass. Federal employees account for about 10 percent of the total 22,578 RTD Eco Passes that have been purchased. If Denver federal employees fit the profile in the GAO survey, that means that about 270 employees stopped driving their personal vehicles to work, saving 54,000 gallons of gas and keeping more than ten tons of pollution from being emitted into our air per year.

I want to commend Chairwoman Norton for her work on the extension of the federal employee transit pass program. On behalf of the transit industry, I would like to suggest the following arguments in support of permanent extension of this program:

1) **It Is Fair** -- The transit industry favors equitable treatment of federal employees. The private sector transit pass benefit is now permanent, and the federal employee transit benefit should be extended permanently too.

2) **It Promotes a Level Playing Field** -- The transit industry supports the concept of the level playing field. If an employer provides free parking as a benefit, that employer should provide transit benefits as well.

3) **It Benefits Two Important Groups of Transit Riders** -- The transit pass benefit program helps lower-income workers who must use transit, and rewards workers who choose transit because they want to help limit air pollution, reduce congestion, and save energy. Both groups of federal employees deserve the same benefit as their private sector counterparts.

4) **It Is a Nationwide Priority** -- This legislation will allow federal employees to participate in existing transit pass programs in metropolitan areas that are home to more than 115 million people and to join new transit pass programs that are now being established across the country.

5) **It Makes the Transit Pass Success Story Even More Effective** -- The GAO found that transit pass benefits can convince people to switch to transit. One out of four people surveyed switched to transit from other forms of commuting, and one out of eight switched from single occupant vehicle commuting. That means cleaner air, less congestion, and energy savings.

Let me briefly expand on these points.

Equitable Treatment of Private and Public Sector Employees

The transit industry has always supported transit pass benefits for all commuters. In fact, our industry helped spearhead efforts just a year ago, as part of the National Energy Policy Act of 1992, to make permanent the transit benefit, at $60 per month, for private sector employees. That effort enjoyed significant bipartisan, geographically diverse support in Congress, garnering 92 cosponsors in the House. We are delighted that Congress acted to provide a similar benefit to federal employees through a provision of the Fiscal Year 1991 Treasury-Postal Service-General Government Appropriations Act.

The transit pass provision of the National Energy Policy Act of 1992 applies to private firms. This law provides that, as of January 1, 1993, employers can provide employees up to $60 per month in transit benefits -- nearly triple the $21 per month that was previously allowed -- or a $60 per month benefit for employees who commute in commuter highway vehicles such as vanpools and commuter buses. The $60 per month figure will be adjusted for inflation. The new law also caps nontaxable employer-paid parking at $155 per month, so that parking benefits in excess of that amount must be counted as income to the employee.

This law has excited a great deal of interest all across the nation, and APTA has received hundreds of inquiries about the new transit pass benefit. We are working with the Association for Commuter Transportation (ACT) and the Federal Transit Administration (FTA) to make the transit pass reform law a success. Our goal is to educate employers and commuters about the new law, to provide technical assistance to transit agencies and employers, and to disseminate information about successful local transit pass programs.

The transit industry supports transit pass benefits for federal employees because we believe that they should receive benefits comparable to those in the private sector. That is why we support a permanent federal employee transit and vanpool benefit identical to the private sector program, with monthly benefits up to $60, adjusted for inflation.

The Level Playing Field

We also want to stress the importance of providing a level playing field for all employees of a given firm or government agency. This means that transit riders should receive benefits comparable to those provided to other workers for the same agency or company. Employers who offer free parking should provide transit benefits too. If an employer provides free parking but no transit benefit, that violates the level playing field.

To understand why the playing field must be level, it is helpful to think about the people who use transit pass benefits. There are two broad categories of transit riders, and every American is better off when people in both categories receive transit pass benefits.

The Transit-Dependent Market

The GAO found that income level affects the use of public transit:

> Federal employees with family incomes below $25,000 are nearly twice as likely to ride public transportation and use transit benefits as employees with family incomes above $100,000.

Transit use is highest among employees in the lowest grade levels and lowest in the higher grade levels.

Many of these federal employees are part of the *Transit-Dependent Market*, which consists of individuals with limited access to private transportation. This market includes many people with disabilities, senior citizens, and young people as well as low-income workers. During the 1980s, the cost of transit grew by 32% in real terms, adding further to the burden on these individuals and families.

In December 1992, APTA published a special report entitled *Americans in Transit: A Profile of Public Transit Passengers*. Copies of this report have been made available to Subcommittee members. This ridership survey found that people with lower incomes are more dependent on transit than the population as a whole. On a nationwide basis, 27.5% of transit riders have incomes below $15,000. In contrast, 14.2% of the total population is under the $13,924 poverty line for a family of four. Twelve million families have no motor vehicle while another 31 million have just one vehicle. For many people in these households, public transit is the only transportation option. A 1993 RTD rider survey indicates that the percentage of transit-dependent riders in the Denver area increased from 41% to 48% between 1990 and 1993.

The Energy Policy Act makes it easier for private companies to give janitors and secretaries a break on their commuting costs -- costs which these companies had often already picked up for their executives. If the federal employee transit benefit is not extended, the result

will be to penalize the lowest-income beneficiaries, who will have to cut their household budgets to make up for the lost benefits. We look to your Committee to safeguard their interests and to see that this program is expanded to include lower-income federal employees in federal agencies that do not currently participate in the transit pass program.

The Transit-Choice Market

The *Transit-Choice Market* consists of individuals with other transportation options such as access to personal vehicles. These individuals are contributing to the solution to some critical problems facing our nation:

* **Air Pollution** -- Up to 110 million Americans breathe air that is unhealthful, and air-pollution related illnesses add $40 billion to our yearly health care bill. By 1994, vehicle emissions will begin to rise for the first time since 1970, as more driving outweighs the gains from cleaner tailpipes. Transit's greatest contribution to a clean environment lies in providing an alternative to single-occupant vehicles, the greatest source of transportation-related pollution. All forms of transit significantly reduce pollutant emissions compared to single-occupant vehicle driving. One person using transit for a year instead of driving alone saves 9.1 pounds of hydrocarbons, 62.5 pounds of carbon monoxide, and 4.9 pounds of nitrogen oxides.

* **Energy Addiction** -- Transportation uses 63% of our oil and is the only sector of the economy where oil consumption is still rising. This makes it all the more important to encourage transit use as an alternative to single-occupant vehicle driving, which consumes more energy per capita than any other form of transportation. One person taking transit to work for a year instead of driving alone saves 200 gallons of gasoline, and a 10% increase in transit use nationwide would save 135 million gallons of gasoline each year. In recent years, oil imports have accounted for as much as 70% of our trade deficit, and if current trends continue these imports will cause the trade deficit to expand by billions of dollars more.

* **Congestion** -- In 1989, transportation delays cost more than $39 billion in wasted time and fuel in just 50 large and medium-sized U.S. urbanized areas. By 2005, delays on urban freeways are projected to increase five-fold. Transit is a vital part of the answer to congestion: It would take a line of 58 automobiles stretching six city blocks to carry as many people as a single full bus, and 900 autos stretching 95 blocks to replace a full, six-car heavy rail train.

Because transit use helps solve these problems, federal policies must do more to reward people who choose transit over modes of transportation that add to these problems.

A Nationwide Benefit

As I've said, this is a national issue. More than 40 transit agencies are operating transit pass programs that are, or could be, made available to federal employees. These transit agencies serve metropolitan areas that are home to 115 million people.

The GAO Report states that thousands of employees in the nation's 25 largest metropolitan areas use the federal employee program. More current participation data not examined by the GAO suggest that the more recent availability of a $60 monthly benefit, coupled with more aggressive marketing efforts, have yielded even greater participation. For example:

Denver -- A total of 563 businesses and government agencies representing 22,578 employees in the Denver region currently participate in RTD's Eco Pass Program -- an annual transit pass which employers purchase for each of their employees. Of these totals, 13 federal agencies have purchased Eco Passes for their 2,138 employees.

Atlanta -- Federal employee participation in the Metropolitan Atlanta Rapid Transit Authority (MARTA) transit pass program has more than doubled, rising to 388 workers from 171. Federal employees comprise about 8 percent of the program participants; another 23% are local government employees and 69% are private employees.

New Jersey -- New Jersey Transit's Business-Transit Alliance serves more than 300,000 employees of 270 companies, including more than 7,000 workers at 20 federal agencies. The GAO Report does not include a separate list of New Jersey residents.

Washington, D.C. -- Federal employee participation has increased by at least 50% above the level reported by GAO, and 87 federal agencies now participate in transit pass programs run by the Washington Metropolitan Area Transportation Authority, the Montgomery County Division of Transit Services, and other agencies.

Transit Pass Programs Are Effective

In its survey of transit benefit recipients, the GAO found that about 12.5% switched from driving alone as a result of the $21 per month average transit benefit. Another 8.5% of participants switched from other modes of transportation because of the benefit, and 4% switched to transit (from all other modes) for reasons not related to the transit benefit. The survey found that a benefit of $60 per month would convince even more people to switch to transit.

Any business would be thrilled to have a 21-25% increase in demand for its product, and a transit agency is no exception. This degree of success would also make a significant contribution to clean air and congestion relief planning.

Congress recognized, in the Clean Air Act Amendments of 1990, that continuing growth in vehicle miles traveled (VMT) will overwhelm the pollution reductions that have resulted from cleaner tailpipes. The Environmental Protection Agency (EPA) estimates that VMT will increase by 2.3% per year for the rest of this century, mostly from single occupant automobile travel. In other words, continuing reliance on automobiles will aggravate existing congestion problems and cancel out the air quality benefits of cleaner tailpipe technology.

One of the most important ways to limit the growth in VMT is to encourage more people to ride transit. Because work trips account for about 30% of VMT, a 12.5% reduction in single-occupant vehicle work trips would represent nearly a 4% reduction in total VMT. This would be the equivalent of a two-year freeze in VMT growth. That is a major breakthrough in clean air terms, where progress results from many incremental steps.

Congress should encourage all employers, including the federal government, to adopt programs that can lead to the positive results identified in the GAO survey. Federal employees should not be singled out, because the best results can only be achieved when all employers contribute to reductions in VMT. At the same time, the federal transit pass program must be made permanent because all employers must do their best to encourage transit ridership.

The GAO survey identifies two kinds of helpful shifts in transportation choices. One out of eight people switched from single-occupant vehicle commuting to transit. A 12.5% shift from single-occupant vehicles represents a significant contribution to congestion and pollution reduction goals. The GAO stresses the importance of transit ridership as a solution to air pollution, energy consumption, and congestion.

Another one-eighth of those surveyed switched to transit from carpooling or other shared ride services. This kind of shift is also very good for a metropolitan area's transportation system, because increased transit ridership allows for more efficient and convenient service and limits the risk of fare increases. This benefits the senior citizens, people with disabilities, and others who depend on transit and suffer the most when service is cut or fares go up. It can also provide transit agencies with additional revenue to expand service and respond more effectively to the needs of potential customers.

Conclusion

In conclusion, I want to thank Chairwoman Norton for her leadership on this issue and to urge the Subcommittee to extend the federal employee transit pass benefit permanently beyond the December 31 expiration date. This action will ensure that:

All federal employees receive equitable treatment compared with private sector employees;

Lower-income employees who depend on transit will retain a benefit that they can ill afford to do without;

Federal employees who choose to use transit will be rewarded for their efforts to limit air pollution, congestion, and fuel consumption; and

Metropolitan areas throughout the country will be better able to use transit pass programs to solve air pollution and congestion problems.

Thank you very much. I would be pleased to answer any questions.

Ms. NORTON. Thank you very kindly. May we hear now from Mr. Filler.

Mr. FILLER. Good morning, Madam Chair, and good morning members of the subcommittee. My name is Larry Filler and I am the executive director of Transitcenter, which is an organization in New York City that represents the city of New York, all the transit operators, and the business community in providing services to employers to promote transit.

We have and we developed the Nation's first Transit Voucher Subsidy Program and we today operate the largest subsidy program in the country. We have approximately 3,300 companies, mostly private companies, representing about 65,000 employees, who are receiving transit vouchers through our voucher clearinghouse.

I am here today as the chair of the public policy council of the Association for Commuter Transportation, an organization that represents approximately 2,000 TDM programs across the country. Our members represent major employers, transit providers, State and local transportation departments, and individuals who are engaged in transportation demand management programs. These are programs that are designed to reduce traffic congestion and the resulting air pollution by working with employers and providing them services and technical assistance in order to get their employees to use alternatives to driving alone to work. These strategies involve transit, car pool, van pooling services, transit incentive programs, voucher programs like our own in New York, modified work hours, and telecommuting and other kinds of programs.

I want to point out that we are a rather unique organization in that almost half of our members are private employers, so that we are truly a public-private organization. I am here today to tell you of our strong support for extending and reauthorizing the legislation that allows Federal employers to provide transit incentives. In addition, we are very much in favor of extending that authorization to include commute benefits. Those are the tax provisions that were authorized by the National Energy Policy Act that is now available to private employers to promote alternatives to driving alone to work. And we urge that action on this matter be done expeditiously because we are very concerned. Many of our members are very concerned about disruptions in their own TDM programs throughout the country, which depend in part on the participation of Federal employees.

We have already submitted our written testimony to this subcommittee and I will rely on that for details, but I would like to offer a few observations as I have sat here and listened to other remarks of the previous panel, and our own concerns. One is, just to reemphasize, that much has changed since 1990 when the legislation was first enacted.

At that time, the transit benefit was only $15 a month. Since then, as you have pointed out, the National Energy Policy Act has raised that to $60 a month. But in addition, it has also authorized a new commute benefit which is the $60-a-month subsidy for van pool participation. And in addition, there is a new program which we call the park-and-ride subsidy, which allows employers to provide up to $155 a month to offset the costs of employees parking

in a facility from which they commute to work by transit, car pools or van pools. So there are actually three new commute benefits that many private employers are beginning to participate in, which we would also like to see the Federal employees to have the availability.

In addition, the Clean Air Act Amendments of 1990 are now beginning to take effect in many communities across the country. Mention has been made of the 182 communities that are under varying mandates from the Federal Government to reduce vehicular use, particularly during commuting hours. Eight communities in particular are under the severest mandates to impose what is known as trip reduction programs or employee commute option programs, requiring major employers, those having a hundred-plus employees, to develop plans, submit them, and then implement them over the next 2 years to achieve trip reduction targets or vehicle reduction targets. And these 8 communities are in 11 States around the country. So the commute benefit incentive becomes even more important to these communities because of the need to involve employers, whether public or private, in the programs.

In addition, I just want to emphasize the importance of Federal employees to many of these TDM programs. Obviously Washington has many, many Federal employees that are part of the commuting patterns every day. But in cities outside of Washington, we have very large Federal establishments as well. In my own city of New York, we have approximately 100,000 employees working for 80 Federal agencies or Federal-chartered agencies, and they constitute a very significant component of our commuting patterns. And therefore any TDM program or clean air effort has to take these employees into account. And we cannot achieve our mandates unless we know that the employers, the Federal agencies, have the flexibility to encourage their employees to partake in alternatives to driving alone to work.

I also want to point out that a lot of work has been done in the last few years on evaluating the effectiveness of commute benefits. The GAO report did their own survey and demonstrated the effectiveness among Federal agencies for diverting individuals from driving alone to transit. There are many other studies that are either on the way or have been done which support that.

Our own study in 1989 demonstrated a 15-percent increase in transit use from people who were formerly driving to work. There is a new study out from San Francisco, the bay area, done by Rides, which demonstrates that 42 percent of people driving to work currently would be interested in switching to transit or other modes if they were provided some type of financial incentive. So clearly commute benefits, financial incentives, are extremely powerful tools in carrying out TDM and air pollution reduction programs.

One of the things that we have been very concerned about in our area and that many ACT members have raised is the fact that we don't necessarily have a level playing field between various Federal establishments around the country to partake in the current transit incentive program. There are differences in how Federal facilities interpret the eligibility and the requirements to participate in these programs.

For example, we have the anomaly in our own area that a Federal facility has told us they cannot participate in our voucher program, but in another facility from the same Federal agency in another city, they do. And it is because of differing interpretations of their purchasing requirements, bid requirements and so on. We feel that any legislation has to take account of this and give the Federal agencies the flexibility to adapt these programs to the requirements of the local area.

Finally, we have seen some discrimination between private and public services. The original legislation allows Federal agencies to participate in programs that are State or locally supported. This has prevented Federal employees from getting transit subsidies for pure private operations. We think this is unfair. It is discriminatory, and we would like to see in legislation this restriction eliminated. And in conclusion, I would just like to say once more how strongly we support the extension of this legislation and ask that that legislation authorize the use of all commute benefits by Federal employees. Thank you.

[The prepared statement of Mr. Filler follows:]

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TESTIMONY BY LARRY FILLER

EXECUTIVE DIRECTOR OF TRANSITCENTER

on behalf of

THE ASSOCIATION FOR COMMUTER TRANSPORTATION

before the

SUBCOMMITTEE ON COMPENSATION

AND EMPLOYEE BENEFITS

SEPTEMBER 30, 1993

Madame Chairwoman and members of the Committee. The Association for Commuter Transportation is pleased to present testimony in support of legislation to allow federal employees to receive commute benefits for using transit, vanpools and park-n-rides on the same basis and to the same extent as private employees are permitted under recent amendments to the federal tax code pursuant to the Energy Policy Act of 1992.

My name is Larry Filler and I am the Executive Director of TransitCenter, a public-private alliance of transit operators, the business community and the City of New York, engaged in operating the largest transit voucher subsidy program in the nation and providing TDM information services to the business community. I am here today in my capacity as Chair of ACT's Public Policy Council. ACT is a national organization that represents 2,000 members who are involved in transportation demand management programs across the country. These programs involve the promotion of alternatives to driving alone to work such as transit, carpooling and vanpooling in order to reduce traffic congestion and help communities meet federal clean air requirements. Our members are also in the forefront of developing telecommuting programs, modified work hours, parking management and innovative financial incentive programs such as the transit voucher subsidy program developed by my organization TransitCenter. We are the only transportation association that represents the interests of the private sector with almost half of our members being private employers and vendors.

In recognition of the importance of the federal establishment to the success of locally supported or operated transportation demand management (TDM) programs, Congress authorized federal employees in 1990 to participate in transit benefit programs supported or operated by state or local governments. At that time, the only tax-free transit benefit available was a $15 a month subsidy permitted under an IRS interpretation of de minimis benefits. In 1991, the IRS increased this amount to $21 a month. Finally, under the 1992 Energy Policy Act, Congress made substantial changes to the entire area of commute benefits effective January 1, 1993. These changes included raising the transit cap to $60 a month, adding a new benefit for vanpool participants of $60 a month, capping the unlimited parking benefit at $155 a month and extending it to parking costs incurred by employees who commute from a facility by transit, carpools or vanpools.

ACT members around the country are involved in TDM programs which include, in part, financial incentives for using transit and ridesharing services. These activities are becoming more important and extensive as virtually all major metropolitan areas begin to implement various types of TDM programs to help meet ambient air quality standards mandated under the federal Clean Air Act. In particular, eleven states and eight major urbanized areas are required to put into effect employer trip reduction programs which require public and private employers with 100 or more employees at a worksite to reduce the number of vehicles used for solo commuting by as much as 25% by 1996. These programs are to be put into place in 1994 and require the use of a variety of incentives and TDM strategies to encourage employees to use alternatives to driving alone to work. Because financial incentives are widely acknowledged to be a powerful way to encourage employees to use transit, vanpools or carpools, the new tax incentives authorized by the Energy Policy Act are vital to these programs.

Clearly then, the transit and vanpool tax incentives and the new park-n-ride benefit will be a

common feature and important compliance component of employer efforts to satisfy state and local requirements. However, federal employers who are present in most if not all of these nonattainment areas will be at a severe disadvantage when attempting to meet vehicle reduction targets. Since the affected states face the loss of federal transportation dollars if their programs do not contribute to the attainment of national ambient air quality standards, it is essential that federal employers be given the same flexibility as private employers in creating programs that meet vehicle reduction targets.

Furthermore, regional, state and local efforts to reduce traffic congestion will be hampered in many areas if federal agencies can no longer offer transit benefits or provide vanpool and park-n-ride incentives. In Washington, D.C. it is clear that a significant number of commuters are federal employees and that their commuting habits can have a substantial impact upon congestion. However, other major cities also house large federal establishments such as New York City, where almost 100,000 people work for the federal government. If these federal employees are no longer eligible for financial incentives to commute by transit or ridesharing it will be even more difficult for local TDM programs to succeed.

Since the inception of the use of transit incentives by federal employers there has been a significant impact on commuting. The GAO report released on September 1, 1993 indicates that 21% of federal employees receiving the transit benefit have switched from other modes, particularly driving alone to work. This is a significant result since it demonstrates that even at $15 or $21 a month, a high percentage of drivers were willing to switch to transit. It is anticipated that if the full $60 a month was made available to federal employees for both transit and vanpooling, an even greater impact could be achieved thereby having a major impact on traffic congestion and air quality particularly in those areas where federal employees are an important component of the workforce.

Further evidence of the significance of the congestion impact from offering financial incentives to federal employees to help contribute to regional, state, and local TDM programs is a recent study done in the San Francisco Bay Area. That study of commuters reported recently that 42% of drivers commuting to work would consider using alternatives if given a financial incentive by their employers.

Given the importance of federal employees commuting habits in relation to congestion and air pollution relief efforts underway in all urbanized areas across the country and in light of the importance of financial incentives to the success of these efforts, ACT therefore strongly urges this Subcommittee to approve legislation that will reauthorize the use of transit incentives to achieve traffic reduction and air quality goals, and to extend other qualified transportation fringes of the tax law for vanpools and park-n-rides as is now available to private employers.

ACT also urges that this Subcommittee approve legislation that is consistent with the following principles:

1. Federal employees should be able to use privately operated transit and ridesharing services without forfeiting their eligibility to receive federal tax-free incentives. Under current law, federal employees are only eligible to receive transit benefits for programs or services provided by state or local governments. This provision discriminates unnecessarily against the

private sector by placing privately run services such as private bus companies at a competitive disadvantage with publicly operated services. And it unfairly penalizes employees who have no alternative other than using privately operated services.

2. Federal employers should have the flexibility to participate in whatever type of financial incentive program that is widely available in communities in which the federal facility is located. For example, transit voucher programs are becoming widely available in cities around the country. However, these programs vary in the way they are provided and the cost employers pay for these services. Although the MetroChek program in Washington, D.C. uses a variant of the Metrocard and therefore charges no handling fees, programs in other cities operated by non transit operators must charge a handling fee to offset the cost of creating new operations that produce and sell these voucher to employers. As is the case in New York with my organization TransitCenter, a small handling fee is paid by employers to help offset operating costs. Since voucher programs cannot discriminate in favor of federal employers and waive the handling fees federal employers are sometimes prevented from participating if such restrictions on paying fees exist.

3. Federal employers should be exempt from certain purchasing requirements when participating in publicly supported programs that offer financial incentives on an exclusive basis. For example, transit and vanpool subsidy voucher programs are operated on an exclusive basis in all markets. In Philadelphia, the Delaware Valley Regional Planning Commission, the Metropolitan Planning Organization for the Delaware Valley, runs the Philadelphia TransitChek program on behalf of all transit operators and vanpool leasing companies providing service in that area. Before TransitChek vouchers, which are checks, can be issued, the funds for the redemption of these checks must be deposited in the bank account that the checks are drawn against. However, certain federal agencies have interpreted their purchasing requirements to prohibit prepayment for these checks. This restriction bars federal participation in these types of voucher programs.

Furthermore, some federal agencies have also interpreted their purchasing guidelines to require that they bid out their request for transit vouchers although such programs by necessity run on an exclusive basis on behalf of all transit operators in each community. And agencies sometimes insist on a contract with the transit voucher clearinghouse prior to purchasing the vouchers despite the fact that the purchase is only for the amount of vouchers in each shipment. Because of the nature of the voucher programs these requirements are expensive and time consuming to the voucher operator and unnecessarily restricts its flexibility. Most voucher programs are used predominately by private employers who do not require such efforts. A specific exemption from such purchasing requirements should be part of any legislation to authorize commute benefits for federal employees.

4. Federal employers should have the flexibility to offer a combination of benefits in the same fashion as private employers to avoid discriminating against any one of the alternatives to driving alone to work. Federal policy now prohibits employees from receiving a vanpool subsidy if they are part of a vanpool that receives free or subsidized parking at a federal facility. This is unfair to the vanpool participants and discriminates against vanpooling as opposed to commuting by transit. Typically, a vanpool carries nine people. The operating costs of the vanpool includes not only parking but also tolls, gas, maintenance and lease

expenses. When the value of the parking is distributed over each participant, it often averages less than $10 a month if the monthly charge is $90 or less. Thus, a free parking space saves each participant only $10 a month while that person still must pay for the remaining costs which can average over $60 a month per participant. In comparison, the transit rider can receive up to $60 a month. This is clearly inequitable and discriminates unfairly against vanpooling. Rather, federal employers should be allowed to provide equal benefits for transit riders and vanpool users.

ACT believes that the foregoing principles would allow federal employers to participate in commute benefit programs to the same extent and on the same basis as private employers. This would allow TDM programs to be carried out in cost effective ways and realize the maximum impact on reducing traffic congestion and improving air quality.

In conclusion, ACT urges this Subcommittee to authorize legislation that allows federal agencies to participate fully in regional, state and local efforts to improve mobility and air quality by allowing federal employers to have the flexibility to adapt federal policies to these local efforts and to participate on an equal footing with private employers.

I would be happy to answer any questions the Committee may have.

Ms. NORTON. Thank you, Mr. Filler, Mr. Anderson. I would find it very useful to hear your experience in relation to some of the issues that were raised with the panel that preceded you. For example, with the greater participation you seem to have gotten, have there been complaints from those who had less access to public transportation or those with small children who needed a car and felt they were being treated unfairly, and if so, were you able to deal with complaints of that kind?

Mr. FILLER. Until our program in New York, we haven't heard those kind of complaints. Clearly, we have a very large supply of transit services serving the metropolitan area. And virtually everyone has access to transit, particularly for commuting into Manhattan, which is our central business district.

Mr. ANDERSON. Specific to that question, no, I have not heard those comments. But it is important, I think, to say that we have probably the highest absolute number, according to the GAO report on the updated numbers and percentage-wise, than Washington in terms of using that system that we have in the Eco Pass concept.

Ms. NORTON. Do you favor, by the way, considering where you come from, limiting the program to nonattainment cities? Do either of you, considering where both of you come from.

Mr. ANDERSON. Well, I think that those that are either in nonattainment, there are many of the cities that would or should be included are those that have barely made attainment. And if you look across the board I am sure that many—most of the metropolitan areas of the country are on the fringe somewhere, and that this direction from the Federal Government, the State government or local government, in the event they do not provide this, I think they would cross that threshold again. So I would be in favor of providing it unilaterally.

Mr. FILLER. We would agree with that. And I would suspect, although I don't have the specific information, that those areas that are not in the 182 communities probably have a very small Federal employment as compared to the 182 cities. So I am not sure if there is a major difference.

Ms. NORTON. But there may be, if we do what Ms. Morella wants us to do, for example, to include military, which tends to be scattered.

Mr. FILLER. Right.

Ms. NORTON. And perhaps outside of cities and major metropolitan areas often. One thing that it seems to me one would have to look to in the Federal context when looking at nonattainment cities is the budget that it comes out of. It is one thing when it comes out of a facility budget, but as I understand it, is going to come out of the agency budget. Therefore, one would consider that if the agency covers most of the United States, including Denver and New York, imagine the pull on that agency budget if cities that are not nonattainment cities also are clamoring in a climate when many agencies may not be able to keep the program going at all, given the cuts that agencies are receiving. I ask the question really in that context.

We know that everybody should do it. We have to make a hard decision whether or not in this climate to get the biggest bang for

both bucks, the environmental buck, the buck of reducing vehicles on the road. We should limit this to nonattainment cities.

Mr. ANDERSON. Madam Chairwoman, my comments to that are that the Eco Pass—and I would like to herald that again—is to how successful it has been. And I mentioned before that the transit subsidies that are in place now are $60 per month, whereas the Eco Pass system in Colorado, which there is significant Federal participation, range from numbers $25 to $180 per employee per year. So the financial burden in some of these is not quite as significant as some of the analyses has shown. That ranges from $2 per month to $15 per month. And that fee is based on the frequency of service, the amount of people, and the location of the office. So it is——

Ms. NORTON. But here we are talking about agencies that have to give $60 per head to whoever. Who decides who should get it in a climate where we are not sure the funds even that have been used in past years would be available for this purpose? And it is in that context that I ask whether this should be restricted to nonattainment cities like New York and Denver, or whether it should be spread all out.

Mr. FILLER. Well, I would just have—also have to say that we have seen, when we were observing the congressional debate over raising the cap to $60, there were very large estimates of the cost of that to the Federal Treasury. And that was based on the assumption that everybody was going to get $60. We have operated our program since 1987 and what we find is that not all eligible employers do participate. There are variations. And not everyone in the company participates.

You have heard testimony that in many cases the benefit goes to those making the least amount of money in the agency, or under $25,000.

Ms. NORTON. Could I ask you, is that by design or is that just how it happens to come forward? For example, there have been suggestions here that there should be a kind of sliding scale based on salary as to who gets the subsidy. Are you simply giving us statistics of who takes advantage of the subsidy?

Mr. FILLER. Well, it is reflective of several things. One, who are most likely to take advantage of it. Second, the policy of the company as to where they think it has the most impact and it is needed most by a certain level of employees.

Ms. NORTON. Do some of your companies restrict it to lower level employees?

Mr. FILLER. That is right. Our survey—we did a survey back in 1989 of 550 of our companies. And again, these were private companies, not public. But we found that 75 percent of the individuals receiving TransitChek, our product in New York, were making under $35,000.

Ms. NORTON. Mr. Filler, I am really trying to find out here whether that was based on restrictions by the employer or whether that was based on whoever happened to come forward.

Mr. FILLER. In many cases it was the restrictions of the employer. So what we are finding is that the full benefit is not used for a variety of reasons. One, because of restrictions. One, because the cost of the service is not greater than or equal to $60. Again,

in New York, the subway system which provides the predominant service for our companies, the average monthly cost is approximately $50 a month. So many people do not get the full $60.

Ms. NORTON. Oh, that—I am told that is true of the $60 amount here. It is the upper limit. But if it costs less to commute, then the employee, Federal employee, will get the lower amount. I would like also the advantage of anything you could tell us about the role of employee organizations and unions in decisionmaking for the subsidies used in your organizations. Have most of these, as far as you know, been bargained for?

Are they under the complete control of management? Or how are they decided?

Mr. FILLER. In our case, it has been almost exclusively a management decision. They have not bargained for this benefit. And that has to do, in many cases, with the fact that until we started the program in 1987, this benefit was not really provided in New York. And it has grown slowly over the years. I expect we have heard more from unions in the last year or 2 since the program has gone up, first to $21 and then to $60. I expect more unions will be bargaining for it, but at this point the majority of our companies, the 3,300 companies, have done it as a management decision.

Mr. ANDERSON. The same is true in Denver.

Ms. NORTON. Can you compare sector participation for the private sector, the State sector, the Federal sector, in your respective jurisdictions for us, levels of participation, levels of cooperation, as compared to one another?

Mr. ANDERSON. Yes, Madam Chairwoman. We have, in this fare program that we have right now, we have 22,600 employees participating in the program. We have, out of that, as I mentioned before, 2,300 are Federal employees, representing 15 Federal agencies in the Denver metropolitan area.

Ms. NORTON. I am sorry, out of the total of——

Mr. ANDERSON. Twenty-two thousand, we have about 10 percent are Federal employees taking advantage.

Ms. NORTON. Yes, compare that to State and private sector employees.

Mr. ANDERSON. State, we have a problem in instituting the Eco Pass Program at the State level. Probably for similar reasons to others. We have a fairly concentrated population in the Denver metropolitan area. We have 25,000 State employees in the State of Colorado. However, we have many State employees who are not living in the metropolitan area. And we have had some legal opinions whether or not that through the Eco Pass system we could allow for State employees to use that system in Metro Denver without giving a like benefit to those State employees who live in rural Colorado. And the interpretation is we can't. So the State employees' participation rate is relatively low right now.

We are working on that from the legal side. So most of our ridership is either private sector or Federal employees right now.

Ms. NORTON. To have any idea, we would have to know what percentage of each sector participates in the program. It doesn't tell us much, I suppose, to know that 10 percent are Federal employees because we don't know what——

Mr. ANDERSON. Right now I could say 10 percent are Federal employees, almost none are State employees and the rest are private sector employees.

Ms. NORTON. Mr. Filler.

Mr. FILLER. We have about, in terms of public versus private, it is about 10 percent public versus 90 percent private. Of the public, we have only about a dozen Federal agencies in our program for a variety of reasons, some of which were the restrictions imposed on participating in our program by the agencies. We do have State and local governments participating. But I will say this, that many of the public establishments act very much like large companies, because they do have many people working for them. And our experience with the private sector is that for the benefit where it is not mandatory, where it is a voluntary program, that small companies participate very quickly.

We have many, many small companies. When it gets to large companies, whether it is public or private, we find a very close similarity and they take a very long time, even after they are eligible or they have the authority to do so, to make that decision. And there is a lot of reasons for that. There is a bureaucracy, a larger bureaucracy to get the decision through. Even if the top management were to say go ahead, they still have to arrange a number of things internally. People want to find out who would participate and so on. And on average it could take as long as 2 years for a large company to make the decision to actually participate once they get the go ahead to actually consider this.

Ms. NORTON. That is disappointing. We are going to vote once again. We will come right back.

Mrs. MORELLA. May I ask just one question?

Ms. NORTON. Yes.

Mrs. MORELLA. Since I have another commitment, I will try to get back for the next panel, I just wanted to ask you, how do you feel about extending the—or making the Federal mass transit subsidy applicable in attainment areas? Since the proposal would make it available only in the ozone nonattainment areas, I am wondering, in the attainment areas, do you think it should be applicable?

Mr. FILLER. Yes, our position is as it should be.

Mr. ANDERSON. Obviously the priority should be on those nonattainment areas, but I would suspect in the overall interests of the country, air quality issues, that it should be across all metropolitan areas.

Mrs. MORELLA. Thank you. Thank you, Madam Chairman.

Ms. NORTON. The hearing is suspended and we will be right back, or at least I will be.

[Recess.]

Ms. NORTON. Just a few more questions for this panel. Has there been any defined coordination among the sectors, Federal, State and local, or do they all do their own thing? And are there improvements along those lines you might suggest?

Mr. FILLER. In our area every agency makes their own decision whether it is State, local or Federal.

Ms. NORTON. I mean beyond, of course, the initial decision. Are there areas of coordination or should there be?

Mr. FILLER. Notice, we work initially through the Federal Executive Board in New York which coordinated the dissemination of information and acting as a clearinghouse for questions that came from the various local agencies that were in the New York metropolitan area and tried to provide some assistance to the various agencies to provide help from one agency to another to solve particular problems.

But in terms of the actual decision to participate, that was up to each individual agency.

Ms. NORTON. But the kind of assistance you are just describing may be for many a prerequisite to making the decision. Was it useful to agencies in making the decision?

Mr. FILLER. Yes. For those that eventually did participate it was extremely helpful and allowed them to overcome some initial problems. They had to use the example of other agencies who had already come up with solutions.

Ms. NORTON. Is there any sharing among the sectors of experiences? Is there anybody up there somewhere who has a vision of the program as it operates in the various sectors?

Mr. FILLER. Of course, in the New York metropolitan area our organization Transit Center acts as a clearinghouse of information. We try to provide some of that service because we are, in fact, supported by and represent the public as well as private entities. So we do that.

But there are often times when the sector likes to get together on their own and trade their own information.

Ms. NORTON. Mr. Anderson, did you want to comment on those questions?

Mr. ANDERSON. Yes, Madam Chairman. The Eco Pass system that I discussed today, we have shown that the average monthly cost is between $2 and $15 per individual.

So we have made a very, very extensive effort in our campaign of public relations with the Federal Government as well as the private sector to get that message across that this is one benefit that is very, very inexpensive and at the same time it has social, environmental and economic consequences for the region and also reduces the need for additional highway capacity, we would like to think.

We have just instituted a half million dollar—at the RTD—a public affairs firm to expand this process of the Eco Pass out to more agencies both at the Federal as well as the private level.

But we are at the point right now we think that if we continue to be as successful as we have in this Eco Pass concept, we are in the process of getting the University of Colorado at Boulder, the University of Colorado at Denver, that is almost 50,000 students. We have the school system in Boulder and some private residential communities.

We are worried about our capacity. Even though we can get the people on the buses during the peak hours we are wondering if we have enough buses to expand the service right now. So we are so successful we are running into problems, but I am sure many transit companies around the United States would love to have that problem.

Ms. NORTON. Do you know of other jurisdictions that have imitated the Eco Pass concept?

Mr. ANDERSON. To some degree. Specifically, no, but I know there are variances of this around the country. I am not sure what success rate they have had. But, again, we have had ridership increases across the board for the last 4 to 5 years in Denver. I think it is because we are a marketed and niched group rather than broadly based increasing bus service.

Ms. NORTON. Finally, let me ask you whether marketing, as it were, or other forms of leadership have played a role in bringing people, organizations and employers into this program? And do you have anything to tell you us about how to market this program?

Mr. FILLER. I have to say that marketing is the lifeblood of our program. Without marketing we would not have very much of a program. In fact, our marketing program has increased over the years to reflect that. When we are in the market advertising the product we get sales and expressions of interest. When we are not advertising no one knows about it, and we get very few sales.

There is a point at which you reach a level of visibility in a marketplace. We have a very competitive marketplace where everyone is competing for your attention. So it takes a long time to be perceived in the marketplace. Our members, the New York City Transit Authority, the Long Island Railroad, Metro North New Jersey Transit, all the transit operators lend a great deal of support to our marketing efforts by putting up car cards, posters, handouts.

I note that here in Washington there is a very aggressive marketing program, and in most cities around the country that have voucher programs they do marketing through their members. It is essential. I think there is no other real way to get to organizations than to constantly raise the information about the commuters and employees who are ultimately the beneficiaries of the program.

Ms. NORTON. Mr. Anderson.

Mr. ANDERSON. We have taken a very strong approach here. It is a 15-member elected board, very aggressive board. If the public wanted to have a business, if they want us to run like a business, then we think we have to behave like a business and that means aggressively advertise, develop relationships with the business community, governmental agencies, et cetera.

I think that the current board has taken that under the chairmanship of Ken Hotard who I think wrote you a letter not long ago relating to this particular meeting today. We anticipate continuing that effort.

The current philosophy of the board is to treat this as a business and increase ridership, and we will do everything in that regard.

Ms. NORTON. Does that mean either/or both have advertising expenditures or do you use printed literature or do you use public service announcements?

Mr. ANDERSON. We use all. We have hired an advertising firm to help us with some television, radio advertisement. That is also because we are completing our first segment of light rail, 5.3 miles at about a cost of $100 million of our own money and also a $225 million bus-way, HOV project that will open in October 1994 as well.

So we have major construction projects being completed right now. We are trying to get the word out on top of that so we are using everything and anything we can in the allocated budget to boost that ridership up or to continue to boost that ridership.

Mr. FILLER. We have a dedicated portion of our annual budget just for marketing. We spend anywhere from half a million to $1 billion a year on marketing. We do a full range of marketing activities.

We also have an advertising agency that provides that support from advertisements, newspaper ads. We do get some PSA spots on the radio. We do direct mail campaigns. We do direct handouts to commuters. We are in transportation fares. Any way which can get our message across we utilize.

Ms. NORTON. Thank you very much, Mr. Filler, Mr. Anderson. The testimony of both of you has been very helpful to the subcommittee.

Ms. NORTON. I would like to call our final panel: Mr. Michael Replogle, codirector, transportation project, Environmental Defense Fund; Mr. Hank Dittmar, executive director of the surface transportation policy project; Ms. Harriet Parcells, project director, Campaign for New Transportation Priorities; and Mr. Allen Greenberg of the League of American Wheelmen. Appearing also, apparently, is Mr. Warren Stern, president, Washington Area Bicyclist Association.

STATEMENTS OF MICHAEL REPLOGLE, CODIRECTOR, TRANSPORTATION PROJECT, ENVIRONMENTAL DEFENSE FUND; HANK DITTMAR, EXECUTIVE DIRECTOR, SURFACE TRANSPORTATION POLICY PROJECT; HARRIET PARCELLS, PROJECT DIRECTOR, CAMPAIGN FOR NEW TRANSPORTATION PRIORITIES; ALLEN GREENBERG OF THE LEAGUE OF AMERICAN WHEELMEN, THE NATIONAL ORGANIZATION OF BICYCLISTS; AND WARREN STERN, WASHINGTON AREA BICYCLIST ASSOCIATION

Ms. NORTON. Mr. Replogle.

Mr. REPLOGLE. It is a pleasure to be here today, Madam Chair and members of the committee.

My name is Michael Replogle, and I serve as the codirector of the environmental defense fund transporatation project. EDF is a leading, national, New York-based nonprofit organization that links science, economics, and law to create innovative, economically viable solutions to today's environmental problems. We have over 250,000 members across the United States, including many government workers.

EDF believes that market-based transportation management and pricing strategies are essential to improving our environment while strengthening our economy's performance. Many commuters in America today receive substantial subsidies that encourage them to commute by automobile. They make rational choices when faced with those subsidies.

We think that by subjecting commuters to the true cost of their transportation choices they will rationally chose more efficient and less costly ways of traveling. Unless commuters face the true total

costs of their transportation choices, they will rationally choose to use less efficient and more costly but subsidized ways of traveling.

The large hidden subsidies which encourage single passenger auto commuting work against national goals of clean air, congestion management, and reducing the pace at which climate change is occurring.

EDF thus strongly supports the mass transit subsidy program that is available to Federal employees. We also support the proposed Transit Benefit Program Act of 1993, which would extend and make permanent this program. However, we urge eliminating the bill's restriction of this program to only cities with air quality problems. We think that Federal workers should be encouraged to use alternatives to the single passenger automobile for commuting, regardless of whether air quality is a local problem.

We think this bill is vital to the effective implementation of the Clean Air Act, as it is important for the Federal agencies to show leadership and to show that they are willing to put into practice the kinds of reforms and employer commuter subsidies which are now being pressed upon many private sector employers in more polluted cities.

Across the Nation, there are thousands of private employers who are working hard to develop programs to ensure that a larger share of their employees commute to work by some means other than the single passenger automobile.

We think that Federal agencies should serve as good examples of the Government's commitment to improving air quality and promoting balanced and equitable transportation. We cannot afford at this key time in the implementation of the transportation provisions of the Clean Air Act to send the wrong message to those laboring to create these new programs for clean air and to broader transportation options.

Should this legislation not be enacted, it would be sending a wrong message, and would not be showing a consistent commitment on the part of the Federal Government to environmental quality and equity in transportation.

The problem with subsidies in transportation is a very thorny one and seriously distorts choices of consumers. If we are to increase the efficiency and the cost-effectiveness of our overall transportation systems and ensure healthy and livable communities we have to address the question of uneven subsidies head on.

The Transit Benefit Program of 1993 would continue an important program which gives Federal agencies the opportunity to support such goals. It is thus consistent with the spirit of both the Clean Air Act and the Intermodal Surface Transportation Efficiency Act of 1991.

Giving Federal agencies the flexibility to pay for the transit subsidy by charging for parking is consistent with these goals as well, and we support this provision in the bill.

However, we urge the elimination of the proposed new restriction of the mass transit subsidy program for Federal employees to only those cities which fail or risk failing the Clean Air Act health standards for air quality. This program should be available to Federal agencies and employees regardless of where they live, regardless of where they are located.

I would note that even in some of America's most pristine national parks with the best air quality in the Nation, places such as Yosemite, steps are being taken by the public and private sector to reduce the negative impacts of too many cars.

Federal agencies need flexibility to apply this program to meet locally determined needs such as the need to reduce excessive traffic in national parks and other sites which lie outside of nonattainment areas.

Reducing subsidies to automobile commuting and lowering the costs of transit commuting is important not only for air quality but also for implementation of new congestion management programs which are required under the new Federal ISTEA legislation and these requirements apply in all metropolitan regions of 200,000 or more population, regardless of whether they have air quality problems.

These changes in commuter subsidies can help expand the freedom of Federal workers to choose between alternative ways of getting to work and contribute to reducing greenhouse gas emissions from transportation.

The transit subsidy program for Federal workers is fair, and it predominately benefits lower income Federal employees. It has demonstrated its effectiveness in increasing the use of alternatives to the single-occupant automobile.

We think it would also be a good idea, as you will hear from others testifying on this panel, to expand the transit subsidy program to permit subsidies for those commuting to work by walking and bicycling which are even more beneficial to the environment than transit.

We hope that you will indeed be acting to reenact and make permanent the Federal Transit Subsidy Program and to use parking revenues to help finance that and to do so without delay. Thank you for your attention and your support in this. We would welcome any questions that you might have.

Ms. NORTON. Thank you, Mr. Replogle.

[The prepared statement of Mr. Replogle follows:]

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TESTIMONY OF MICHAEL REPLOGLE

CO-DIRECTOR
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TRANSPORTATION PROJECT

BEFORE THE
SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS
COMMITTEE ON POST OFFICE AND CIVIL SERVICE
UNITED STATES HOUSE OF REPRESENTATIVES

SEPTEMBER 30, 1993

Madam Chair and members of the committee, it is an honor to be here today to testify on this important matter before us. My name is Michael Replogle and I serve as the co-director of the Environmental Defense Fund (EDF). EDF is a leading, national, NY-based nonprofit organization that links science, economics, and law to create innovative, economically viable solutions to today's environmental problems. We have over 200,000 members across the U.S., including many government workers.

EDF believes that market-based transportation management and pricing strategies are essential to improving our environment while strengthening our economy's performance. Unless commuters face the true total costs of their transportation choices, they will rationally choose to use less efficient and more costly, but subsidized ways of traveling. Large hidden subsidies, including employer-provided free parking, now encourage single-passenger automobile commuting and work against national goals of clean air, congestion management, and reduction in greenhouse gas emissions.

EDF thus strongly supports the mass transit subsidy program available to Federal employees. We also support the proposed Transit Benefit Program Act of 1993, which would extend and make permanent this program. However, we urge eliminating the bill's restriction of this program to cities with air quality problems, so that Federal workers might be encouraged to use alternatives to the single-passenger automobile for commuting regardless of whether air quality is a local problem.

This bill is vital to the effective implementation of the Clean Air Act, as it is important to show that Federal agencies are willing to put into practice employer commuter subsidy reforms now being required of the private sector. Across the nation, thousands of private employers are being pressed to develop programs which ensure that a larger share of their employees commute to work by means other than the single-occupant automobile. Federal agencies should serve as examples of the government's commitment to improving air quality and promoting balanced and equitable transportation. We cannot afford to send the wrong message to those laboring to create these new programs for clean air and broader transportation options. Failure to enact this legislation would be sending such a message, indicating a lack of consistent commitment to environmental quality and equity in transportation.

Large hidden subsidies to the automobile amounting to thousands of dollars a year for each automobile seriously distort consumer transportation choices. If our nation is to increase the efficiency and cost-effectiveness of its transportation systems and ensure healthy and livable communities, we must work to level the playing field between transportation modes. The Transit Benefit Program of 1993 would continue an important program which gives Federal agencies the opportunity to support such goals. It is thus consistent with the spirit and thrust not only of the Clean Air Act, but also the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA).

However, we urge the elimination of the proposed new restriction of the mass transit subsidy program for Federal employees to only those cities which fail or risk failing the Clean Air Act health standards for air quality. This program should be available to Federal agencies and employees regardless of where they live. Reducing subsidies to automobile commuting and lowering the costs of transit commuting is important not only for air quality, but also for implementation of new congestion management programs required under ISTEA of all metropolitan regions of 200,000 or more population. These changes in commuter subsidies can help expand the freedom of Federal workers to choose between alternative ways of getting to work and contribute to reducing greenhouse gas emissions from transportation.

The transit subsidy program for Federal workers is fair and has demonstrated its effectiveness in increasing use of alternatives to the single-occupant automobile. It should be re-enacted and made permanent without delay.

We thank you for your attention and support in this matter.

Ms. NORTON. Mr. Dittmar.

Mr. DITTMAR. Madam Chair and members of the committee, thank you for the opportunity to appear here today.

I am Hank Dittmar. I am the director of the surface transportation policy project. STPP is a coalition founded in 1990 to monitor and participate in the Federal Transportation Act reauthorization debate.

We represent over 100 groups concerned with establishing better linkages between transportation planning and environmental, social and economic considerations. Our coalition represents transportation professionals, energy conservation advocates, environmentalists, planners, citizen activists for neighborhood and historic preservation and design professionals.

I am here today to urge you to enact legislation establishing a permanent incentive program encouraging Federal employees to use public transportation and alternative modes of travel. This program is consistent with the goals the Federal Government established in the Clean Air Act, the Energy Policy Act, and the Intermodal Surface Transportation Efficiency Act of 1991.

The Clean Air Act stresses the need for alternatives to auto travel by requiring areas currently violating Federal ozone standards to comply by 2007 or face a freeze in Federal transportation funds. Among the Nation's largest metropolitan areas, nine have been designated as severe or worse for ozone pollution. In accordance with the Clean Air Act these areas must develop ECO programs, which require employers to develop trip reduction plans. These plans demand that employers with more than 100 employees, including Federal employers, located in noncompliance regions, submit plans between 1994–95 to find ways to reduce the average vehicle miles traveled by their work force 15 to 25 percent and achieve reductions by 1996–97, depending on the severity of the noncompliance of the region.

One of the key elements of these programs is to provide employees transit benefits. The Federal Government should set an example to private employers who are required to adopt these programs by extending the same benefit to Federal employees.

In testimony submitted on September 23, 1993, at your first hearing, Louise Stoll, Assistant Secretary for Budget and Programs at the U.S. Department of Transportation, advocates for proposed legislation to reauthorize the mass transit subsidy program to restrict participation to only those Federal employees working in areas that do not meet air quality standards established under the Clean Air Act, areas formerly in nonattainment and areas at risk for becoming nonattainment areas.

STPP strongly disagrees with any language that would restrict clusters of the population from the advantages of a transit benefit program. To limit and target the cities in which the subsidies may be offered based on air quality or demographics would be contrary to the goal of livable communities and inequitable for large groups of Federal employees.

It is imperative to provide people with the incentive to commute by alternative forms of transportation regardless of whether they live in nonattainment areas.

Here I think also we must realize that we should seek parity with the benefits provided by the Federal Government to employees who commute to work by the automobile.

STPP concurs with Secretary Federico Peña's statement that "the transportation issues we will face together in the months and years ahead are key to the daily quality of life of our citizens." It is not just an air quality problem.

STPP agrees with the subsequent portion of the USDOT proposal which would allow Federal agencies to retain revenue from parking if this action is not at the expense of Congress enacting legislation this year to establish a permanent incentive program encouraging Federal employees to use public transportation and alternative modes of travel.

Madam Chair, that obviously is a decision that you and your committee alone can make. I would note, though, that while offering the transit benefit will be an expense for Federal agencies, the amount estimated by GAO is $8 million to $10 million per year. I would note that the Federal Government is currently incurring expenses in providing free or subsidized parking in the $90 million per year range.

So, again, I think there is a strong argument for this in terms of equity, in terms of using some parking revenues to equalize the benefits.

Earlier witnesses have expressed concern about the impact of parking charges on the disabled, upon the Senior Executive Service and upon people with disabilities. I would note that private programs in this regard and many transit benefit programs routinely exempt people who use carpools and exempt people who cannot use public transportation from the parking charges.

As a large employer and as the entity overseeing implementation of the Clean Air Act, I believe the Federal Government should create incentives for all of its employees to reduce traffic congestion and environmental pollution by making mass transportation, multiple occupancy vehicle commuting, walking and bicycling more attractive to its employees through this legislation.

Eligibility for Federal employees expires on December 31, 1993. Congress has perhaps the next month in session to enact this program.

I would conclude by saying we think it is essential that you extend the current transit benefit. We advocate providing parity in terms of charging for parking, but we think the bottom line is that at least the current benefit must be extended this year.

Thank you.

Ms. NORTON. Thank you very much, Mr. Dittmar.

[The prepared statement of Mr. Dittmar follows:]

REMARKS BY HANK DITTMAR

DIRECTOR OF THE SURFACE TRANSPORTATION POLICY PROJECT

before the

SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS

SEPTEMBER 30, 1993

Madame Chair and members of the committee, I want to thank you for the opportunity to appear before you today. I am the Director of the Surface Transportation Policy Project (STPP). STPP is a coalition founded in 1990 to monitor and participate in the federal transportation act reauthorization debate. We represent over 100 groups concerned with establishing a better link between transportation planning and environmental, social and economic considerations. Our coalition represents transportation professionals, energy conservation advocates, environmentalists, planners, citizen activists for neighborhood and historic preservation, and design professionals.

I am here today to urge you to enact legislation establishing a permanent incentive program encouraging federal employees to use public transportation and alternative

modes of travel. This program is consistent with the goals the federal government established in the Clean Air Act, the Energy Policy Act, and the Intermodal Surface Transportation Efficiency Act of 1991. (ISTEA)

The Clean Air Act stresses the need for alternatives to auto travel by requiring areas currently violating federal ozone standards to comply by 2007 or face a freeze in federal transportation funds. Among the nation's largest metropolitan areas, nine have been designated as severe or worse for ozone pollution. In accordance with the Clean Air Act these areas must develop ECO programs, which require employers to develop trip reduction plans. These plans demand that employers with more than 100 employees, including federal employers, located in noncompliance regions, submit plans between 1994 - 1995 to find ways to reduce the average vehicle miles traveled by their workforce 15 to 25 percent and achieve reductions by 1996- 1997, depending on the severity of the noncompliance of the region. One of the key elements of these programs is to provide employees transit benefits. The federal government should set an example to employers who are required to adopt these programs.

In testimony submitted on September 23, 1993 Louise Frankel Stoll, Assistant Secretary for Budget and Programs at the United States Department of

Transportation (USDOT), advocates for proposed legislation to reauthorize the mass transit subsidy program to restrict participation to only those federal employees working in areas that do not meet air quality standards established under the Clean Air Act, areas formerly in nonattainment and areas at risk for becoming nonattainment areas.

STPP strongly disagrees with any language that would restrict clusters of the population from the advantages of a transit benefit program. To limit and target the cities in which the subsidies may be offered based on air quality or demographics would be contrary to the goal of livable communities and inequitable for large groups of federal employees. It is imperative to provide people with the incentive to commute by alternative forms of transportation regardless of whether they live in nonattainment areas or not. STPP concurs with Secretary Federico Pena's statement that "the transportation issues we will face together in the months and years ahead are key to ... the daily quality of life of our citizens ..."

STPP agrees with the subsequent portion of the USDOT proposal which would allow federal agencies to retain revenue from parking if this action is not at the expense of Congress enacting legislation this year to establish a permanent incentive program encouraging federal employees to use public transportation and

alternative modes of travel.

As a large employer and as the entity overseeing implementation of the Clean Air Act, the federal government should create incentives for all of its employees to reduce traffic congestion and environmental pollution by making mass transportation, multiple occupancy vehicle commuting, walking and bicycling more attractive to its employees. Ridesharing and alternative forms of transportation are a means to conserve energy resources, improve air quality, reduce dependence on foreign oil, decrease CO2 emissions and alleviate traffic congestion. STPP sees an urgent need for transportation programs which both conserve oil and reduce air pollution. We support programs which reduce the number of cars on the road as a key feature in this effort.

Current law permits any private employer to provide a worker with up to $60 per month in transit benefits or a maximum of $155 per month in parking benefits as a tax-free fringe benefit. This benefit was extended to federal employees in the FY 1991 Treasury, Postal Service and General Government Appropriations Act, 1991 (Section 629 of Public Law 101-509). Eligibility for federal employees expires on December 31, 1993.

The Surface Transportation Policy Project and our member organizations urge you to make the Federal Workplace Transportation Benefits Program permanent to all federal employees regardless of demographics. This important action will enable federal employees to receive benefits comparable to private sector employees. If the federal government is serious about enforcing the Clean Air Act Amendments, they ought to take the lead in promoting alternative modes of travel.

STPP MEMBER ORGANIZATIONS ENDORSING THIS PROGRAM

Environmental and Energy Study Institute

Amalgamated Transit Union

Rails-To-Trails Conservancy

Bay Area Metropolitan Transportation Commission

Environmental Defense Fund

League of American Wheelman

American Public Transit Association

Energy Conservation Coalition

Transit Now Coalition

Bicycle Federation of America

Campaign For New Transportation Priorities

National Association of Regional Councils

Scenic America

National Wildlife Federation

National Growth Management Leadership Project

Center For Neighborhood Technology

Ms. NORTON. There is another vote. We will suspend the hearing for a few minutes.

[Recess.]

Ms. NORTON. As we convene we move to the third witness now, Ms. Harriet Parcells.

Ms. PARCELLS. Madam Chairwoman, I want to thank you for the opportunity to appear before the subcommittee today to provide the views of the Campaign for New Transportation Priorities [CNTP] on the Federal Transit Benefit Program.

My name is Harriet Parcells. I am project director of the CNTP, a network of 50 national and local environmental, labor, and consumer organizations working together for a more balanced, sustainable national transportation system.

The Federal Transit Benefit Program is an important program that should not be allowed to expire on December 31, 1993. The program supports important national goals of achieving healthy air quality, easing urban highway congestion, and improving energy efficiency.

The program provides an economic benefit for Federal workers who, by leaving their cars at home, are helping the country to achieve these goals, and it provides a needed measure of equity to counterbalance the free parking that is provided to those who drive alone to work—the least energy-efficient way of commuting.

CNTP supports the legislation DOT presented to the subcommittee last week, the Transit Benefit Program Act of 1993, with some modifications that I will discuss later.

DOT's proposal to allow but not require—which we view as an important distinction—Federal agencies to charge for parking and retain the revenues to help fund the transit benefits will strengthen the program and provide the means for many more Federal agencies to provide the transit benefit to many more workers in the future.

The ability to charge for parking will enable some agencies to increase the level of benefit beyond the $21 a month which most now provide and result in more employees switching to mass transit. This puts the Government in a leadership role, as it should be, in working with metropolitan areas throughout the country in their efforts to comply with the mandates of the Clean Air Act Amendments of 1990.

The existing Federal Transit Benefit Program has been successful. GAO noted that as of October 1, 1992, some 18,545 Federal employees were participating. Since the time of the GAO survey, Federal employee participation in the program has grown significantly.

In the Washington, DC area, for example, the report shows about 13,900 employees participating, and that is now up to 22,000. In the Philadelphia-Delaware Valley region 535 Federal employees were participating, as noted by GAO, and that is now up from 1,200 to 1,500 employees, two to three times the level.

As you get new Federal workers coming into Government employment with that benefit offered you will see them taking advantage of it, and the number using it will continue to grow.

The availability of the subsidy has had an impact on Federal employee commuting choices. GAO found 21 percent of those partici-

pating employees switched to mass transit as their primary means of commuting.

Improved employee morale, retention, and recruitment were cited by the Federal agencies as key factors in their decision to provide the transit benefit to employees.

In addition, the program appears to be helping most those employees for whom transportation consumes a larger share of their overall income. GAO found 45 percent of Federal employees with family incomes below $25,000 participate in the Federal Transit Benefit Program compared to approximately 27 percent of employees with family incomes of $75,000 to $100,000.

Beyond the advantages, the transit benefit provides directly to Federal employees who participate, the Federal transit benefit program plays an important role in helping metropolitan areas throughout the country comply with the Clean Air Act Amendments.

More than 60 metropolitan areas fail to meet the health-based air quality standards enacted in the CAAA. Emissions from cars and trucks are the leading cause of nonattainment of the air standards.

Strategies to reduce the growth in vehicle miles of travel or transportation control measures—TCM's—will play a central role in the plans being developed by the metropolitan areas to achieve clean air. Among the TCM's are employer-based incentives, such as transit subsidy programs to encourage employees to leave their cars at home and commute by cleaner modes.

Eight of the country's 25 largest metropolitan areas with the most severe ozone pollution problems—areas rated "severe" or "extreme" nonattainment areas—are required by the CAAA to develop trip reduction ordinances that will reduce employee vehicle use.

Many other metropolitan areas that have ozone pollution problems have adopted or are considering adoption of trip reduction ordinances. The State of Washington, for example, adopted a statewide commute trip reduction law as part of the Washington Clean Air Act that applies to major employers in cities and counties throughout the State. Employee transit benefit programs will be essential to the success of these programs and the continued eligibility of Federal employees to participate is vital.

As I mentioned, we support the decision to charge some amount up to market rates for employee parking rates for Federal employee parking and to use those revenues to support the Transit Benefit Program. The proposal would reduce the current substantial annual Federal Government subsidy to a behavior the country seeks to reduce, solo driving, and shift the benefit to support a behavior the country seeks to boost, use of cleaner, more energy-efficient transportation. We believe this is a logical and desirable shift in transportation policy.

Unlike the Carter administration's parking proposal, which many viewed as too heavy-handed because it made the parking charges mandatory, DOT's proposal would leave the decision on whether to charge for parking to the discretion of each Federal agency.

The parking charges also need not be the sole source of revenues supporting the Transit Benefit Program.

The Federal Government's current policy toward parking provides a huge subsidy to auto drivers and runs directly counter to other national goals pursued by the country.

A study that was conducted by the Metropolitan Washington Council of Governments entitled "Commuter Parking Cost Study" was done in April of 1991. It examined the parking subsidy provided by Federal and non-Federal employers in the Washington, DC, area.

The study found that in the Washington, DC, region: "Each day employers provide employees with free or discounted parking at a value of approximately $1 million or $240 million a year. About one-quarter of this benefit, $240,000 daily, is given by the Federal Government to Federal employees."

The study's findings indicate that in the Washington, DC, region alone the Federal Government is footing a bill for parking subsidies at Federal facilities of some $60 million annually. On the national level, the Federal subsidy for Federal employee parking would likely total several hundred million dollars a year.

I note that GAO cited a figure of $90 million, but they also indicated that there were a number of agencies that they did not include in their estimate, such as the Office of the Architect and other Federal agencies.

CNTP believes that redirecting a portion of the subsidy to provide an incentive for Federal employees to commute by public transportation and other clean modes, such as bicycles, would be a wise change in policy.

Two modifications that we would like to suggest to DOT's proposal: One is to give Federal agencies the discretion to use some of the parking revenues to provide secure bicycle parking, such as racks and lockers at Federal agencies. This will encourage some Federal employees to switch to the most energy-efficient, clean, and healthful means of transport—bicycling.

Second, We believe that the benefit should not be only restricted to nonattainment areas but that it should be open to all areas of the country because they all face growth in traffic and with that will come growth in pollution. We think it should be less restrictive.

In conclusion, we urge the Subcommittee on Compensation and Employee Benefits to take a leadership role in passing legislation that will make the Transit Benefit Program a permanent benefit for Federal workers throughout the country.

Thank you, Chairwoman Norton, for the opportunity to testify today.

Ms. NORTON. Thank you, Ms. Parcells.

[The prepared statement of Ms. Parcells follows:]

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TESTIMONY OF HARRIET PARCELLS
CAMPAIGN FOR NEW TRANSPORTATION PRIORITIES
On the Future of the Federal Transit Benefit Program

Before the
SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS
COMMITTEE ON POST OFFICE AND CIVIL SERVICE
September 30, 1993

Chairwoman Norton and other distinguished Members of the Subcommittee on Compensation and Employee Benefits, I want to thank you for the opportunity to appear before the Subcommittee today to provide the views of the Campaign for New Transportation Priorities (CNTP) on the Federal transit benefit program. My name is Harriet Parcells and I am the Project Director of the CNTP, a network of 50 national and local environmental, labor and consumer organizations working together for a more balanced, sustainable national transportation system.

The federal transit benefit program is an important program that should not be allowed to expire on December 31, 1993. The program supports important national goals of achieving healthy air quality, easing urban highway congestion and improving energy efficiency. The program provides an economic benefit for federal workers who, by leaving their cars at home, are helping the country achieve these goals. And, it provides a needed measure of equity to help counter-balance the free parking that is provided to those who drive alone to work--the least energy-efficient means of commuting.

CNTP strongly supports the federal transit benefit program and urges this Subcommittee to lead the legislative effort to make the transit benefit program a permanent benefit for federal workers, as it already is for private sector employees.

CNTP supports the legislation DOT prepared and presented to the Subcommittee last week, the "Transit Benefit Program Act of 1993," that would make the federal transit benefit program permanent. And, we

applaud the Department of Transportation (DOT) for its leadership to date among federal agencies in implementing the transit benefit program for its employees.

DOT's proposal to allow but not require (an important distinction) federal agencies to charge for parking and retain the revenues to help fund the transit benefits will strengthen the program and provide the means for many more federal agencies to offer the transit benefit to their workers in the future. The ability to charge for parking would also enable some agencies to increase the level of transit benefit beyond the $21/month most now provide and result in more employees switching to mass transit. DOT's proposal puts the Federal government in a leadership role, as it should be, in working with metropolitan areas throughout the country in their efforts to comply with the mandates of the Clean Air Act Amendments of 1990. We have some minor modifications we would like to see in the legislation, which I will mention later in our testimony, but overall we strongly support DOT's proposal.

Success of the Federal Transit Benefit Program:

The existing federal transit benefit program has been successful, according to reports of the Delaware Valley Regional Planning Commission (DVRPC) and the General Accounting Office (GAO). GAO found that, as of October 1, 1992, 18,545 employees at 155 federal agency offices (that responded to GAO's survey) in the nation's 25 largest urban areas were participating in the transit benefit program.

Since the time of GAO's survey, federal employee participation in the program has grown significantly. GAO's report notes that by April 15, 1993 (6 months after completion of the survey) the total number of federal agency offices in the program had jumped to 229 offices of 75 federal agencies in the 25 largest urban areas. It is estimated that the number of participating employees is around 30,000.

Transit Benefit Program Has Had Desireable Impacts:

The availability of the transit subsidy has had a direct and desireable impact on federal employee commuting choices. GAO found that 21% of the employees in the transit benefit program (at least 3,500 employees) switched to mass transit as their primary means of commuting as a result of the transit benefit. Sixty percent of these employees were previously solo drivers.

Improved employee morale, retention and recruitment were cited by federal agencies as key factors in their decision to provide the transit benefit to their employees. In addition, the transit benefit program appears to be helping most those employees for whom transportation consumes a larger share of their overall income. GAO found that 45% of federal employees with family incomes below $25,000 participate in the federal transit benefit program compared to approximately 27% of employees with family incomes of $75,000-100,000 (Source: Figure 2.4, GAO study).

Transit Benefit Helps Urban Areas Comply with Clean Air Act:

Beyond the advantages the transit benefit provides directly to federal employees who participate, the federal transit benefit program plays an important role in helping metropolitan areas throughout the country comply with the mandates of the Clean Air Act Amendments of 1990 (CAAA).

More than 60 metropolitan areas fail to meet the health-based air quality standards enacted in the CAAA. Emissions from cars and trucks are the leading cause of "non-attainment" of the air standards. Strategies to reduce the growth in vehicle miles of travel or Transportation Control Measures (TCMs) will play a central role in the plans being developed by metropolitan areas to achieve clean air. Among the TCMs are employer-based incentives, such as transit subsidy programs, to encourage employees to leave their cars at home and commute by cleaner modes.

Eight of the country's 25 largest metropolitan areas with the most severe ozone pollution problems (areas rated "severe" or "extreme" non-attainment areas) are required by the CAAA to develop trip reduction ordinances that will reduce employee vehicle use by employees at the largest employment sites (those with 100+ employees). These 8 metropolitan areas are: Baltimore, Chicago, Houston, Los Angeles, Milwaukee, New York, Phildelphia and San Diego.

Many other metropolitan areas which have ozone pollution problems have adopted or are considering adoption of trip reduction ordinances. The state of Washington, for example, adopted a statwide Commute Trip Reduction Law as part of the Washington Clean Air Act that applies to major

employers in cities and counties throughout the state. Employee transit benefit programs will be essential to the success of these programs and the continued eligibility of Federal employees to participate is vital.

The clean air implications of getting commuters out of their cars are illustrated by the following:

Each person who uses mass transit for a year instead of driving to work spares the environment:
9.1 pounds of hydrocarbons
62.5 pounds of carbon monoxide
4.9 pounds of nitrogen oxides

Parking Charges Are An Appropriate Source of Funding

CNTP supports DOT's proposal to permit--not require--federal agencies to charge some amount (up to market rates) for federal employee parking and to use those revenues to support the transit benefit program. The proposal would reduce the current substantial annual federal government subsidy to a behavior the country seeks to reduce, solo driving, and shift the benefit to support a behavior the country seeks to boost--use of cleaner, more energy-efficient public transportation. This is a logical and desireable shift in transportation policy.

Unlike the Carter Administration's parking proposal, which many viewed as too heavy-handed because it made the parking charges mandatory, the DOT proposal would leave the decision on whether to charge for parking to the discretion of each federal agency. The parking charges need not be the sole source of revenues supporting the transit benefit program. In agencies that already provide transit benefits, the parking charges will supplement existing sources and allow agencies to increase the number of employees participating and/or the level of subsidy provided (most agencies provide only $21/month although federal law permits up to $60/month). For agencies that currently do not participate because of lack of funds, the parking revenues will be the key to permitting them to offer this important benefit.

The federal government's current policy toward parking provides a huge subsidy to auto drivers and runs directly counter to other national goals pursued by the country. A study conducted by the Metropolitan Washington Council of Governments, "Commuter Parking Cost Study," (April 1991) examined the extent of parking subsidy provided by federal and non-federal employers in the Washington D.C. area. The study's opening comments are worth noting:

> "Parking at the workplace is one of the most important determinants of how commuters will travel to work. If parking is abundant and free, people will drive to work alone. If parking is scarce and expensive, they are far more likely to travel by transit, vanpools, carpools or bicycle. Public policy and private practice with respect to parking can thus have a major impact on the number of cars on the road, traffic congestion, air quality and energy conservation."

The study found that in the Washington D.C. region:

> "Each day, employers provide employees with free or discounted parking that has a value of approximately $1 million or $240 million a year. About one quarter of this benefit ($240,000 daily) is given by the federal government to federal employees."

Table 3.3 from the study (Attachment 2 of our testimony) indicates that in the downtown central business district (where parking charges are pervasive, with daily rates ranging from $5.30-$7.50):

- 74% of the cars parked at federal facilities were parked free of charge while at non-federal facilities, about 30% of the cars were parked free of charge.

- 55% of the cars at non-federal facilities were paying full market rate compared to only 4% of cars parked at federal facilities.

The study's findings indicte that in the Washington D.C. downtown region alone, the federal government foots a bill for parking subsidies at federal facilities of some $60 million annually. On the national level, the federal subsidy for federal employee parking would likely total several hundred million dollars annually.

CNTP believes that redirecting a portion of that subsidy to provide an incentive for federal employees to commute by public transportation and by other clean modes such as bicycling--modes that support national goals of energy-efficiency, clean air and congestion relief--would be a wise change in policy.

Finally, as noted earlier, we support DOT's proposal to make permanent the federal transit benefit program. We suggest that the proposal be modestly modified to permit federal agencies to use some of the revenues (the amount to be left to the discretion of the agency) from the parking charges to provide secure bicycle parking such as racks and lockers. This would encourage some federal employees to switch to the most energy-efficient, clean and healthful means of transport--bicycling.

In conclusion, we urge the Subcommittee on Compensation and Employee Benefits to take a leadership role in passing legislation that would make the federal transit benefit program a permanent benefit for federal workers throughout the country and, as the DOT legislation proposes, allow federal agencies to charge for parking and retain the revenues to support the benefit program. The federal government's mandates and goals for clean air, reduced highway congestion and increased energy-efficiency would be undercut by allowing this important benefit to expire at the end of this year.

Thank you Chairwoman Norton and Members of the Committee for the opportunity to testify today. I would be happy to answer any questions.

NATIONAL MEMBER ORGANIZATIONS

1. *Amalgamated Transit Union*
2. *Bicycle Federation of America*
3. *Center for Auto Safety*
4. *Community Transportation Association of America*
5. *Environmental Action / Energy Conservation Coalition*
6. *Fossil Fuels Policy Action Institute*
7. *Friends of the Earth*
8. *High Speed Rail Association*
9. *Institute for Transportation and Development Policy*
10. *League of American Wheelmen*
11. *Mennonite Central Committee*
12. *National Association of Railroad Passengers*
13. *National Association of Transit Consumer Organizations*
14. *National Council of Churches of Christ in the USA*
15. *Natural Resources Defense Council*
16. *Pedestrian Federation of America*
17. *Rails to Trails Conservancy*
18. *Scenic America*
19. *Sierra Club*
20. *Transport Workers Union*
21. *Union of Concerned Scientists*

LOCAL AND REGIONAL MEMBER ORGANIZATIONS

22. *Baltimore Area Transit Association*
23. *Boston Area Bicycle Coalition*
24. *California Transit League*
25. *Chicagoland Bicycle Federation*
26. *Citizens for Balanced Transportation (Denver, CO)*
27. *Citizens for Better Transit (Portland, OR)*
28. *Citizens Advisory Committee to MTA (New York, NY)*
29. *Citizens for Modern Transit (St. Louis, MO)*
30. *Clean Air Council (Philadelphia, PA)*
31. *Committee for Better Transit (New York, NY)*
32. *Conservation Law Foundation of New England*
33. *Earth Works (Boston, MA)*
34. *ECTO NY (New York, NY)*
35. *Gray Panthers of Berkeley (CA)*
36. *Institute for Transportation and the Environment (Seattle, WA)*
37. *Lightwheels, Inc. (New York, NY)*
38. *Maine Transportation Coalition*
39. *Modern Transit Society (CA)*
40. *Moving People of Northern Virginia*
41. *New York Clean Air*
42. *New Transportation Alliance (Milwaukee, WI)*
43. *Northeast Sustainable Energy Association (Greenfield, MA)*
44. *Peninsula Rail 2000 (Palo Alto, CA)*
45. *People's Transit Organization (Monticello, FL)*
46. *Sane Transportation Alternatives for Neighborhood Defense (Fresno, CA)*
47. *Straphangers' Campaign, NY PIRG (New York, NY)*
48. *Transportation Alternatives (New York, NY)*
49. *Transportation Options (Toronto, Canada)*
50. *Wisconsin Rail Coalition*

TABLE 3.3

DAILY COMMUTER PARKING
IN AREAS WITH PERVASIVE PARKING COSTS

AUTOS PARKED AT FEDERAL FACILITIES				
	Parking for Free	Paying Discounted Rate	Paying full Market Rate	TOTAL
CENTRAL BUSINESS DISTRICT	41,000 (74%)	12,000 (22%)	2,000 (4%)	55,000 (100%)
OUTLYING BUSINESS DISTRICT	400 (40%)	500 (50%)	100 (10%)	1,000 (100%)
TOTAL	41,400 (74%)	12,500 (22%)	2,100 (4%)	56,000 (100%)

AUTOS PARKED AT NON-FEDERAL FACILITIES				
	Parking for Free	Paying Discounted Rate	Paying full Market Rate	TOTAL
CENTRAL BUSINESS DISTRICT	77,000 (30%)	37,000 (15%)	142,000 (55%)	256,000 (100%)
OUTLYING BUSINESS DISTRICT	37,000 (67%)	16,000 (29%)	2,000 (4%)	55,000 (100%)
TOTAL	114,000 (37%)	53,000 (17%)	144,000 (46%)	311,000 (100%)

Source MWCOG, 1980

Ms. NORTON. Mr. Greenberg and Mr. Stern.

Mr. GREENBERG. Thank you, Madam Chairwoman and members of the committee. It appears you are the only one left at this point. It is an honor to be here today to testify on this important matter before us.

My name is Allen Greenberg, and I represent the League of American Wheelmen, the National Organization of Bicyclists. Our organization was founded in 1880 to promote the interests of bicyclists through bicycle advocacy and education. Today we have about 24,000 members nationwide and represent close to 200,000 bicyclists through our 500 affiliated clubs and advocacy organizations. And the Washington Area Bicyclist Association is clearly one of our most active and successful affiliates.

Madam Chair, at the last hearing on this issue, you talked some about reinventing government, and you said that that begins with clearly defining one's goals and then evaluating proposals based on their ability to achieve these goals. You stated that the goals of the transit subsidy were clean air and equity, but you also indicated that policy proposals should be politically palatable and should avoid demoralizing Federal workers. And we accept and agree with these goals.

My testimony today has three main points:

First, providing a commuter subsidy based on the cost of a particular transportation mode is contrary to clean air and equity goals. I discuss an innovative way very briefly of leveling the playing field across commute modes for commuters that are eligible for subsidized parking without creating political opposition or causing financing problems.

Second, I propose that the Federal employee transit subsidy be liberalized to cover all but drive-alone commuting and that alternative mode commuters be eligible for the $60 subsidy, regardless of commuting costs.

Again, I realize there are some technical issues in terms of taxes and what is taxable and what is not taxable. It is our position that what this committee can offer is separate from what is taxable and what isn't taxable. In other words, benefits can be offered, and if portions of those benefits are taxable, so be it.

Third, I argue that if we must base subsidies on costs, that, again, the policy be liberalized to cover all commute modes but that procedures be implemented to estimate the costs of using modes, where such costs are difficult to calculate.

I defer to the Washington Area Bicyclist Association and Warren, who has done a crack at looking at some of those costs.

According to the September 1993 GAO study, "Mass Transit: Federal Participation in Federal Transit Programs," Federal agencies spend at least $90 million per year for employee parking. GAO further estimates that Federal agencies will spend between $8 million and $10 million on transit benefits in fiscal year 1993. We accept the decision of the Federal Government to subsidize employee commuting to the tune of $100 million per year as an important fringe benefit, but we strongly object that 90 percent of these benefits are provided as parking subsidies to the detriment of achieving our stated goals.

Leading transportation analysts estimate that providing this single subsidy causes at least a 20-percent increase in single occupancy driving. And in urban areas the estimates are higher. And, according to the GAO study, 54 percent of Federal employees who receive free parking say that this is one of the reasons that they chose not to take transit.

We do not object, per se, that people receive a commuter benefit to cover parking costs. Our objection, rather, is that that benefit is only available to subsidize those parking costs and that somebody can't choose to take that benefit in another form.

The current policy of basing an employee commute subsidy on the employee's cost of a particular commute option doesn't make sense. By this logic, the highest subsidy would be provided to those commuting by helicopter and airplane and the smallest subsidy to environment-friendly bicycle and walking commuters who are frequently less affluent than their car-commuting coworkers.

If the political will doesn't exist to eliminate the parking subsidies, then a mandatory parking cash-out should be implemented. Essentially, the way that works is that those that are offered parking would also be offered the option to receive that benefit in cash or an equivalent value to that benefit in lieu of the parking.

And here we are talking about two types of equity really: Equity across the lines of those that are offered a particular benefit—in other words, those that are offered parking, they should—the commute options to them should be equitable, the commute choices should be equitable. And the second type of equity is looking at who is receiving benefits in the scheme of things. And I think it is important to look at those two as distinct groups.

The important thing about cash-out is while the parking benefit is not taken away, the free parking is seen as having a cost, and the cost is not getting the cash subsidy. And this is—employees will make transportation choices as if they are paying for parking. And, again, we are talking about probably a 20 percent or more shift in those that are choosing to drive alone would take another mode of transportation. And, again, this option would cost the Federal Government very little because employees opting for the cash would receive it in lieu of an already existing benefit that they would be entitled to.

Madam Chair, you asked one witness an important question at the last hearing. You said, how much do Federal workers really value the subsidized parking? And our response is that each worker should be able to answer that question for him or herself. If these workers value the cash more than they value the parking, then there is no rational reason not to offer them the money and let them choose between the alternatives.

Offering Federal employees a transit commute benefit—now I am getting back to the $60 benefit that we were discussing—even when subsidized parking is not offered, and broadening this benefit to include all the transportation modes used, is an added inducement to employees to find alternatives to driving alone. It is a valuable fringe benefit. The benefit should be structured as a flat rate of $60 per month subsidy, regardless of commute costs, for those that opt not to drive alone.

This approach is not unprecedented. I refer you to the May 28 Comptroller General of the United States decision referring to the Clean Air Act that allows—rather requires—Federal agencies in localities that have to follow certain clean air plans to offer a $30 subsidy in a particular area in California, in this case for carpoolers, vanpoolers, bicyclists, and walkers. So the Federal agencies giving a straight, flat-out subsidy is mandated now in certain circumstances. So this is not unprecedented.

The Federal employee transit subsidy should be broadened to include additional modes of transportation, particularly in light of the fact that GAO says that around 40 percent of Federal employees who are offered transit but did not take advantage of it said that their main reason for not doing that, taking transit, was it was inconvenient or too time-consuming. In other words, they didn't have access to transit as a practical choice for them.

And bicycling is often the most convenient and time-efficient alternative commute mode and could help to fill this gap. Bicycling and walking are particularly popular transportation modes of the urban poor. We could provide you figures on that if you like. And as a matter of equity this subsidy should be extended to those commuters.

Federal employee transit subsidy should be delinked from direct commuter costs for a number of important reasons: First, major transit users comply in transit with bicycle, walking, and carpooling. While some of these connecting options may be inexpensive, none of them are free. But the cost may be difficult to account for.

Second, commuters should be encouraged to choose the least costly, most environment friendly transportation mode, and providing the subsidy straight out, regardless of commute costs, is the best way to do that.

And the Washington Area Bicyclist Association will provide some testimony on sort of a third option—which is, you know, if you are not willing to delink the cost and the benefit in the subsidy—which is clearly our preference, they provide some testimony on ways to cost out what it costs a bike commuter to get to work by that mode. And we urge that at a minimum that those suggestions be adopted.

Madam Chair, and members of the committee, I thank you again for providing my organization the opportunity to testify before you, and I would, of course, be delighted to answer any questions when we get to that point. Thank you.

[The prepared statement of Mr. Greenberg follows:]

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TESTIMONY OF ALLEN GREENBERG

GOVERNMENT RELATIONS DIRECTOR
LEAGUE OF AMERICAN WHEELMEN
THE NATIONAL ORGANIZATION OF BICYCLISTS

BEFORE THE
SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS
COMMITTEE ON POST OFFICE AND CIVIL SERVICE
UNITED STATES HOUSE OF REPRESENTATIVES

SEPTEMBER 30, 1993

Madam Chairwoman and members of the committee, it is an honor to be here today to testify on this important matter before us. My name is Allen Greenberg and I serve as the Government Relations Director of the League of American Wheelmen (L.A.W.), the National Organization of Bicyclists. Our organization was founded in 1880 to promote the interests of bicyclists through bicycle advocacy and education. Today we have about 24,000 members nationwide and represent close to 200,000 bicyclists through our 500 affiliated clubs and advocacy organizations. The Washington Area Bicyclist Association is one of our most active and successful affiliates.

Madam Chairwoman, at the September 23 hearing on this matter, you said that Reinventing Government begins with clearly defining one's goals and then evaluating proposals based on their ability to achieve these goals. You stated that the goals of the transit subsidy were clean air and equity, but you also indicated that policy proposals should be politically palatable and should avoid demoralizing federal workers. We accept and agree with these goals.

My testimony today has three main points. First, providing a commuter subsidy based on the cost of a particular transportation mode is contrary to clean air and equity goals. I discuss an innovative way of leveling the playing field across commute modes for commuters that are eligible for subsidized parking without creating political opposition or causing financing problems. Second, I propose that the federal employee transit subsidy be liberalized to cover all but drive alone commuting and that alternative mode commuters be eligible for the $60 subsidy regardless of commuting costs. Third, I argue that if the above is not an option, federal employee transit subsidies

should be liberalized to cover all alternative commute modes, but that procedures be implemented to estimate the costs of using modes where such costs are more difficult to calculate.

According to the September 1993 GAO report, "Mass Transit: Federal Participation in Transit Benefit Programs," Federal agencies spend at least $90 million per year for employee parking. GAO further estimates that federal agencies will spend between $8 million and $10 million on transit benefits in fiscal year 1993. We accept the decision of the federal government to subsidize employee commuting to the tune of $100 million per year as an important fringe benefit, but we strongly object that 90 percent of these benefits are provided as parking subsidies, to the detriment of achieving our stated goals.

Leading transportation analysts estimate that providing free parking causes at least a 20 percent increase in single occupant drivers. In urban areas, where good alternatives are available, these figures are much higher. According to the GAO study, 54 percent of federal employees who receive free parking agreed that this benefit was one reason that they did not take transit. We do not object, per say, that people receive a commuter benefit to cover parking costs. Our objection is to providing commuter benefits only to those driving and parking, since many people would choose alternatives if a subsidy of equal value were provided regardless of mode choice.

The current policy of basing an employee commute subsidy on the employee's cost of a particular commute option makes no sense. By this logic, the highest subsidy would be provided to those commuting by helicopter and airplane, and the smallest subsidy to environment-friendly bicycle and walking commuters who are frequently less affluent than their car commuting co-workers. If the political will does not exist to eliminate the tax-exempt parking subsidy, then a mandatory parking cash-out should be implemented. A parking cash-out benefit would provide federal employees who are currently offered free or subsidized parking the option to receive a cash allowance equivalent to this subsidy in lieu of the parking. While the parking benefit is not taken away, the free parking is seen as having a cost (not getting the cash subsidy), and thus employees will make transportation choices as if they were paying for parking. Current research suggests that this single policy change would have the effect of shifting about 20 percent of drive alone commuters to alternative commute modes. Implementing this policy would cost federal agencies little, since employees opting for the cash would receive it in lieu of an agency parking subsidy of an equivalent amount. While the existing tax code is strict in terms of the benefits that can be offered tax-free to employees, a taxable benefit or alternative is certainly better than no benefit or alternative.

Madam Chairwoman, you asked one of the witnesses a very important question at the September 23 hearing: How much do

federal workers value the subsidized parking? Each worker who is eligible for this benefit should be able to answer this question for him or herself. If these workers value the cash subsidy more than the parking, then there is no rational reason not to offer them the money and let them choose their alternative commute mode.

Offering federal employees a transit commute benefit, even when subsidized parking is not offered, and broadening this benefit to include all alternative commute modes, is an added inducement to employees to find alternatives to driving alone and is a valuable fringe benefit. The benefit should be structured as a flat rate $60 per month subsidy, regardless of commute costs, for those that opt not to drive alone. This approach is not unprecedented. According to a May 28, 1993, Comptroller General of the United States decision (file B-250400), federal agencies are required by section 118 of the Clean Air Act to comply with state regulations issued under the authority of the Act. The effect of this ruling was to require two bureaus of Treasury, the Internal Revenue Service, and the U.S. Customs Service to offer employees who commute by public transportation, carpools, vanpools, bicycle, and walking, a $30 subsidy as required under the local California air pollution abatement plan covering the region where these federal offices are located.

The federal employee transit subsidy should be broadened to include these additional transportation modes to encourage employees without convenient access to transit to carpool or bicycle to work. This is particularly important since, according to GAO, around 40 percent of federal employees who were offered a transit benefit but did not take advantage of it said that their main reason for declining the benefit was that transit was inconvenient or too time consuming. Bicycling is often the most convenient and time efficient alternative commute mode and could help to fill this gap. Bicycling and walking are particularly popular transportation modes of the urban poor, and as a matter of equity, this subsidy should be extended to these commuters.

The federal employee transit subsidy should be de-linked from direct commuter costs for a number of important reasons. First, many transit users combine transit with bicycling, walking, and carpooling. While some of these connecting transportation options may be inexpensive, none of them are "free", but their costs may be difficult to account for. Second, commuters should be encouraged to choose the least costly, most environment-friendly transportation modes. Providing the $60 transit benefit regardless of commute costs is the best way to do this.

The Washington Area Bicyclist Association has provided powerful testimony to support including bicyclists in the federal transit benefit where the benefit continues to subsidize commuting based on cost. While our preference is to de-link commuter subsidies from the cost of a commuter's mode choice, if

the committee chooses not to de-link these, at a minimum bicyclists should be included in the subsidy.

Madam Chairwoman and members of the committee, I thank you again for providing my organization the opportunity to testify before your subcommittee. I would be delighted to answer any questions you may have.

Ms. NORTON. Mr. Stern.

Mr. STERN. Madam Chairwoman, my name is Warren Stern. I am an actual Federal employee. I work for the U.S. Arms Control and Disarmament Agency, but I am here testifying today on behalf of the Washington Area Bicyclist Association.

WABA, as it is known, has been advocating for bicycling for transportation over 25 years. Our members live in the District and suburban Maryland and in northern Virginia. I welcome this opportunity to testify on behalf of bicycle transportation because I commute to work every day of the year—I missed one day last year—by bicycle.

I have a brief statement and would be pleased to answer any questions you may have afterwards.

Madam Chairwoman, if I were asked to design an incentive program for Federal employee transportation, I would develop an incentive program that offered the highest incentives to those who did not pollute on their way to work and the lowest incentive or no incentive at all to those who polluted the most. That is, my program would offer the highest incentives to those that did the thing that was for the public interest.

While I think that we all agree that minimizing pollution and energy usage is in the public interest, the net effect of the current employee incentive program is in many cases contrary to this objective. Employees that use the most polluting form of transportation, those who drive, receive the largest incentive. Employees who use the least polluting and the least energy intensive form of transportation—that is bicycling, walking—are excluded from the program. To me, this doesn't make sense.

Assistant Secretary Stoll of DOT testified last week that we needed to question the assumptions we have made that favor automobile transportation over public transportation. I believe we also need to question the assumptions we have made that favor motorized transportation of all forms over nonmotorized forms of transportation.

Secretary Stoll testified that incentives for use of public transportation should be extended and increased so that public transportation can compete effectively on an equal basis with automobile transportation. Mr. Mead of the GAO testified that by making the playing field more even, agencies participating in the program were able to encourage people to ride Metro. That is, if the—by minimizing the disadvantages of one form of transportation; that is, the cost associated with driving, it obscures the benefits of other forms such as bicycling and the use of public transportation.

We at WABA believe that the administration's proposal should be expanded to provide a comparable subsidy for bicyclists. We believe that bicycle commuting is a legitimate form of transportation and should not be excluded from Government support. We believe it should be treated in the same way as public transportation is treated. While bicycle commuting isn't for everyone, it deserves a level playing field with other forms of transportation.

Madam Chairwoman, there is no form of transportation that meets the societal goals that we all support better than bicycle transportation. Every person who commutes by bicycle is not in a car or another polluting form of transportation. The benefits of bi-

cycle commuting don't stop there. Bicycling is healthy. This is advantageous—this advantage is becoming even more important in light of the Federal efforts to deal with our current health-care crisis.

We simply propose that bicycles be treated on a par with public transportation, that the Government subsidy policy be neutral as it relates to public transportation and bicycles. Whatever standards of accountability are required for the public transportation subsidy can also be met by bicycles.

Some assume that bicycle commuting is free and, therefore, it does not deserve a subsidy. This is a false assumption. I have submitted to the record some estimates I have made, and these actually fall very closely to estimates other groups have made for bicycle commuting costs. I would be pleased to answer any questions you might have on this estimate, but the bottom line is that it costs roughly $600 per year to commute by bicycle. These costs break down into roughly $50 annualized for a new bicycle each year, $350 for normal maintenance and part replacement, and $150 a year for access to showers. This is an important point. Federal agencies, at least the one I work for, offer free parking, but for those people who bike to work or walk to work and may desire showers, they have to pay for it.

Ms. NORTON. What do they pay?

Mr. STERN. I am sorry?

Ms. NORTON. What do they pay for showers in a Federal building?

Mr. STERN. I spoke to someone on my way out this morning. He pays $50 per quarter for showers in our State Department building.

Ms. NORTON. Go ahead.

Mr. STERN. These costs may vary. People who ride long distances to work will clearly incur greater expenses. People with very short or smooth rides will incur less expense. Some agencies I understand offer free showers and, therefore, that charge won't exist for them. Other agencies, as I mentioned, do charge.

The bottom line is that the day-in, day-out riding on our area streets, over potholes, through the rain, freezing weather, requires substantial and expensive maintenance. I individually spend roughly 2 to 3 hours each week on my weekend free time working on my bicycle just to keep it safe and efficient. I would much rather be able to afford to bring this to the bicycle shop to do repairs correctly.

Of course, the critical——

Ms. NORTON. You want a subsidy for keeping your bicycle in decent shape? You think that really should be included in what the Government would pay for?

Mr. STERN. I believe—the Metro subsidy is to pay for the Metro and that includes the costs to maintain the Metro, the drivers for the Metro, the buses.

Ms. NORTON. But you can maintain the bicycle yourself. Metro has to pay people to maintain it. And to the extent that you can, and then most people do, one wonders if you, at a time when we are trying to find money to pay for this, what value you are putting forward here.

Mr. STERN. That is—most people—well, I think we have to discuss a little bit the difference between a recreational rider and someone who commutes. There is great differences in the rate of maintenance that is required. Someone, say, who rides their bike every weekend during the good seasons, will, say, bring their bike to a bike shop once a year. They do, of course, pay $60 or $70 for that. That wear and tear that this rider would put on in a year is put on by a bicycle commuter in a month.

So I don't think it is true that most people maintain their bikes. I am able to. It is difficult, but I have a full garage. I have hundreds of dollars worth of very specialized tools for bicycles. It is really not—it is really not inexpensive to maintain a bicycle when one rides it every day through the rain over the potholes. Things break. You have to replace parts.

Ms. NORTON. I get your point. Go ahead.

Mr. STERN. Of course, the critical question that I think the Government needs to answer is whether including bicycles in this program will meet the goals of the program; that is, reduced pollution, whether it would increase participation. There is not much data. I have searched around, but there is some data. And the data to me indicates quite clearly that offering financial incentives, offering incentives worth money do encourage bicycle riders.

The Nike Corporation, out in Portland, OR, instituted a program last year where they offered the same incentive to bicyclists as they did to people that ride buses and transportation. The results were that the number of individuals increased to 60, and that is written down, and it was estimated to me by the head of the program that before they instituted the program the number was 15. That is small numbers, but percentage-wise for the total costs they increased bicycle ridership, nonpolluting ridership, by 300 percent.

There is another company, Fleetwood Enterprises, out in California, which is a Fortune 500 company, and they instituted a very broad program that included—it wasn't actual dollars, but it was credits that they could use at the company store and other things that are worth money. And they increased their bicycle usage from 3 percent to 12 percent—again, a massive increase.

The contribution that bicycle commuting can make to clean air plans has also been recognized by local governments. For example, in California this is one of the reasons the recent Comptroller General ruling cleared the way for Federal agencies to participate in such plans that are State or locally mandated by the Clean Air Act.

In sum, Madam Chairwoman, bicycle commuting is in the public interest. It is not polluting, doesn't use fossil fuels and doesn't add to the congestion on our highways. If the current subsidy program and the one proposed by the administration would continue the uneven playing field on which bicycle competes, I urge you to amend the administration's legislation by treating bicycle commuting in the same way that public transportation is treated. Both are in the public interest and deserve not to be disadvantaged by government policies.

Thank you for this opportunity.

Ms. NORTON. Thank you, Mr. Stern.

[The prepared statement of Mr. Stern follows:]

Washington Area Bicyclist Association

GETTING THERE BY BIKE

TESTIMONY OF WARREN M. STERN

FOR

THE WASHINGTON AREA BICYCLIST ASSOCIATION

BEFORE THE
SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS
COMMITTEE ON POST OFFICE AND CIVIL SERVICE
UNITED STATES HOUSE OF REPRESENTATIVES
SEPTEMBER 30, 1993

Madam Chairwoman and members of the Committee. My name is Warren Stern. I am a federal employee. I work for the U.S. Arms Control and Disarmament Agency, but I am here today testifying on behalf of the Washington Area Bicyclist Association. The Washington Area Bicyclist Association has been advocating for safe bicycle transportation in the metropolitan Washington region for over twenty years. Our members live in the District of Columbia, suburban Maryland, and Northern Virginia. I welcome this opportunity to testify on behalf of bicycle transportation because I commute to work every day of the year by bicycle.

I have a brief statement and would be pleased to answer any questions you may have afterwards.

Madam Chairwoman, if I were asked to design an incentive program for federal employee transportation, I would develop a program that offered the largest incentives to employees that use forms of transportation that do not pollute or consume fossil fuel. My program would offer the smallest subsidy - - or no subsidy at all -- -- to employees that use the heaviest polluting form of transportation. That is, I would produce a system that rewarded behavior that was in the public interest.

While I think that we all agree that minimizing pollution and energy usage is in the public interest, the net effect of the current federal employee incentive program is in many ways contrary to this objective. Employees that use the most polluting form of transportation - - automobiles - - can receive the largest subsidy, and employees that use forms of transportation that do not pollute receive absolutely no subsidy. This anomaly is due in part to assumptions we as a society have made in the past regarding the link between transportation policies and pollution.

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Assistant Secretary Stoll of the Department of Transportation testified last week that we needed to question the assumptions we have long made that favor automobile transportation over public transportation. I am here today to point out that we also need to question the assumptions that have led us to institute policies that favor motorized transportation over non-motorized forms of transportation.

Secretary Stoll testified that incentives for use of public transportation should be extended and increased so that public transportation can compete effectively with automobile transportation. Secretary Stoll felt that this was important to level the playing field. As Mr. Mead of the Government Accounting Office testified last week, use of mass transportation increased by employees previously driving to work alone during the past two years in agencies participating in the current program. If the playing field were leveled even more - - i.e. the subsidy were increased to $60 - - even more people would take public transportation.

I think that the analogy to a level playing field is an appropriate one. Each form of transportation has certain inherent advantages and disadvantages. By minimizing the disadvantages of one form of transportation, the government policy obscures the advantage of another. That is, it makes the playing field uneven.

We at the Washington Area Bicyclist Association believe that the administration's proposal should be expanded to provide a comparable subsidy for bicycle commuting. We believe that bicycle commuting is a legitimate form of transportation and should not be excluded from government support. We believe it should be treated as public transportation is treated. While bicycle commuting is not appropriate for everyone, it deserves a level playing field with other forms of transportation.

Madam Chairwoman, there is no form of transportation that meets the societal goals we all support better than bicycle commuting. Every person who commutes by bicycle is not in a car or other polluting form of transportation contributing to congestion and lowering air quality. The benefits of bicycle commuting do not stop there. Bicycle commuting also improves the general health of residents, reducing health-related expenses. This advantage is becoming even more important in light of efforts to deal with our current health-care crisis.

We simply propose that bicycles be treated on par with public transportation; that the government subsidy policy be neutral as it relates to public transportation and bicycles. Whatever standards of accountability are required for the public transportation subsidy can also be met for a bicycle subsidy.

Some assume that bicycle commuting is free, and therefore does not deserve a subsidy. This, however is a false assumption. I have submitted to the record a detailed estimate of annual bicycle commuting expenses. I would be pleased to discuss it in detail if you so wish during the question and answer period. Let me summarize it now, and make a few general comments on it before I conclude.

First my estimate is that an average bicycle commuter would spend almost $600 per year on commuting. This includes an annualized cost of $50 a year for a new bicycle every seven years, $350 per year for normal maintenance and part replacement, and $150 per year for access to showers. These costs may vary. For example, some agencies give employees free access to showers, and so this would reduce the commuting cost by nearly a third. Others may have a very short and/or smooth commute, and so wear and tear would be minimized. Still others may use the whole amount.

The day in, day out riding on area streets, over potholes, through the rain and occasionally freezing weather requires substantial and expensive maintenance and part replacement. To this amount, bicycle commuters often pay one to two hundred dollars per year for access to showers and lockers, plus the cost of specialized all weather riding gear, and lighting gear.

Of course, a critical question is whether a bicycle subsidy would actually increase the number of bicycle commuters. Existing data on bicycle subsidy programs suggest that a bicycle subsidy program would substantially expand the use of this form of transportation. For example, according to the Nike Corporation, when they instituted a bicycle subsidy program at their offices in the Portland, Oregon area, the number of employees commuting by bicycle increased to 60. The head of the program estimated that prior to the initiation of the program 15 employees commuted by bicycle. The effect of the subsidy program was a 300% increase in the number of employees commuting by bicycle. Fleetwood Enterprises, a Fortune 500 company in California, represents another exceptional example of how incentive programs can increase the us of bicycle commuting. At Fleetwood, bicycle usage was increase to 12% of their total work force of 600 people after a bicycle commuter incentive program was instituted by the company. The data is limited, but, in my view it is convincing.

The contribution that bicycle commuting can make in clean air plans has been recognized by local government. These plans go beyond incentives to employees to use public transportation, to include carpooling and vanpooling, bicycling and walking. A recent Comptroller General ruling (B-250400, May 28,1993) cleared the way for federal agencies to participate in such plans that are state or locally mandated under the Clean Air Act.

In sum, Madam Chairwoman, bicycle commuting is in the public interest. It is non-polluting, it does not use fossil fuels, and it does not add to the congestion on our highways. Yet, the current subsidy program and the one proposed by the administration would continue the uneven playing field on which bicycles compete. I urge you to amend the administration's legislation by treating bicycle commuting in the same way that public transportation is treated. Both are in the public interest and deserve not to be disadvantaged by government policies.

Thank you for this opportunity to speak. I will be pleased to answer questions.

BICYCLE COMMUTER COSTS

ITEM	ASSUMPTIONS	ANNUALIZED COST
Bicycle	Bike cost $350. Must be replaced every 7 years due to theft or frame damage.	$50
Helmet	Helmet cost $35. Must be replaced every 7 years due to theft or damage.	$5
Maintenance	Quarterly tune-up, safety check and maintenance ($60). This includes labor cost for installing components below.	$240
Front Wheel	Replace every 3 years ($50).	$16.67
Rear Wheel	Replace every 3 years ($50).	$16.67
Chain Rings	Replace one every two years ($20 per ring).	$10
Free-Wheel	Replace every 2 years ($20)	$10
Chain	Replace every 2 years ($10)	$5
Brake Pads	Replace every 2 years $8 per set)	$8
Bottom Bracket Cartridge	Replace every 3 years ($40)	$13.33
Lighting System	System cost $80, replace every 4 years (includes rechargeable battery)	$20
Cables (brake and gear)	Replace every 3 years ($15)	$5
Tires and Inner Tubes	Replace every 2 years ($15 per tire, $5 per inner tube)	$10
Shower, Locker and Changing Room	$150 per year	$150
Panniers	Replace every 3 years ($75)	$25
		TOTAL $584.67

Ms. NORTON. I was interested that all of you, I believe, have testified that this program should not be limited to nonattainment areas and increasingly you want more and more people included in the program. You would be most helpful to this committee if you would help us in a process of making hard choices. Therefore, I am going to ask you questions designed to get that kind of help from you.

My understanding was that all of you who have testified have as a central mission reducing air pollution and bringing localities into compliance with the Clean Air Act. If that is the case and what little money Federal agencies have in a deficit reduction period threatens the existence of the program at all so that we believe we are faced with the possibility that if we simply reauthorize the program as it is many people will begin to pull out of the program altogether.

At a time when we are, therefore, looking for ways both to salvage and expand the program, at a time when the Federal Government is laying off—or not laying off—we are going to make sure they don't lay off—but cutting employees and we see a trimming like no one in memory has seen, I have to wonder at the value you put on the Clean Air Act mission of your organizations when you say that what little money is left should simply be shot out there, defused and disbursed without regard to the status of the jurisdiction under the Clean Air Act.

And so I would like you to reconcile that mission, which I assume all your organizations have, with what clearly came forward in your testimony which was that you wanted these subsidies to be expanded as quickly as possible and to get to as many people as possible. You seem to be very much oriented in that direction.

I have very little—very little testimony about what is for this committee a central mission of this act, and that is to clean up the air in polluted parts of this country.

Mr. REPLOGLE. Madam Chair, I think that certainly cleaning up the air is a very important objective shared by all of the panelists here. The proposed legislation, however, would not mandate the provision of these programs across the country. It would simply be permissive in allowing Federal agencies to adapt to local situations, to implement programs using parking revenues to fund these programs.

Ms. NORTON. No, there is a section that would limit the program to nonattainment areas. That is what I want to speak to, whether or not you are for that or simply for proliferating the program where whoever picks it up, regardless of the state of compliance with the Clean Air Act——

Mr. REPLOGLE. I think that, first off, the vast majority of Federal workers who will make use of this program, if it were provided without limitation, would be in areas that have air quality problems.

Ms. NORTON. Well, suppose it was not?

Again, this committee has to assume what—in other words, what I want you to do is to assume the hypothetical I offer you so that when we sit down and try to figure out what to do we have heard the best answers to that hypothetical.

Mr. REPLOGLE. All right. Then I guess I will assume that in providing flexibility to Federal agencies, regardless of their location, that those Federal agencies in many cases are going to be choosing to use revenues raised by parking charges at market rate or something below market rate to pay for any transit benefits. I believe it is very important to extend these benefits nationally anywhere a Federal facility is located so that local conditions—such as national parks, where the Department of the Interior right now is in the process of putting in place plans to reduce the amount of car traffic in Yosemite Park and several other major national parks where traffic congestion is causing severe ecological problems.

Now this is a localized situation that has nothing to do with the Clean Air Act, but it has everything to do with improving the environment. To the extent that the transit subsidy is provided to Federal workers in such locations and is funded with local parking charges to other Federal workers, this has no impact on dirty air cities, which are still capable of funding their programs out of their own exchange.

Ms. NORTON. They are not funded by their own exchange. This is out of the agency budget. It is out of—the agency has a budget. And, essentially, in this world, and certainly in this Congress, what we are called upon on almost any piece of legislation is to indicate whether we have any priorities. If we indicate we have no priorities, then we indicate that no value or mission is more important than any other expressed in the legislation.

Mr. REPLOGLE. Well, to the extent that $90 million or more, according to GAO, is going for automobile parking subsidies and that the cost of funding transit subsidies is on the order of $8 million to $10 million, if the Congress is looking for places to cut, then cutting the parking subsidies is a first place to look before you look at cutting transit subsidies back.

Ms. NORTON. If that is your answer, all I can say is that if—I don't know where the $90 million figure comes from. It obviously doesn't come from somebody's cash someplace. It must come from the upkeep of these garages. And it occurs to me, based on the participation levels that we got with the $60 subsidy, that you are going to still have to keep the garages up.

I don't have a breakdown of the $90 million, but the way in which in the testimony of several of you handle that $90 million as if it were cash that the government could cash out and then use for subsidies—I found very interesting. I can understand using the parking fees for subsidies, but assuming that the $90 million or any part of it is available to be used, it seems to me a hypothetical beyond our reach.

Mr. DITTMAR. To the extent that some portion of the $90 million could be recouped from the collection of parking fees and used to offset the transit benefit, that was the extent to which I used it.

If I could just speak for a moment about the mission of our organization. It is not strictly toward compliance with the Clean Air Act. We think that the Nation's auto-dependent transportation policies have resulted in a lot of social harms in the areas of energy usage, quality of life, congestion in our metropolitan areas, and that to the extent that the Federal Government as an employer can send market signals in all areas of the country to switch people's

mode choice from the single-occupant vehicle to carpooling or transit, that is very supportive.

STPP believes in a transportation system that is focused on the environmental health of the Nation, energy conservation, efficiency, and social equity. And we think the social equity issue is another important one as well.

Ms. NORTON. All of these are important missions. But, again, the fact is if you are a Member of Congress, as you go down a list of eight or nine important things that legislation can do, again, when it gets down to it, we are left with a possibility that we could authorize a use of funds in such a diffuse way that it would be hard at the end of the reauthorized period to say which goal had been filled.

If you want to know the basic problem we had in talking with the GAO, it was that the GAO was unable to say what goal had, in fact, been reached through this legislation. And you do that enough, you don't get authorized.

And if the legislation doesn't have clear goals that can be measured at the end of the authorization period, you lose support for the legislation because it has come in with a mishmash of very important things that everybody agrees with, looks like a Christmas tree, looks like motherhood. And at the end, when there are people who don't favor the legislation at all—and you are not looking at one of them, but you will find them in the Congress of the United States—when they say, well, what did this do, and we cannot say for sure, we risk that we will not be able, one, in this kind of period to keep such a program and certainly not to keep expanding it and finally get to some kind of government subsidy that makes sense for it.

That is why I am pressing you, because I will be pressed.

Mr. DITTMAR. And I understand that. And I guess I would say that the goal that I would suggest for this legislation—and I think the goal—this was amply met and demonstrated in the GAO report—is a diversion of commuters, Federal employees, from the single-occupant vehicle to other modes of commuting.

And Federal policy, the Federal Energy Policy Act, along with the Clean Air Act——

Ms. NORTON. See, that is hardly a goal. That is what happens, presumably, if you give the subsidy. Res ipsa loquitur. The point is, why do you do it? What are you aiming for? What is it you are aiming to do by giving the subsidy?

Mr. STERN. Madam Chairwoman, I would like to speak.

Ms. NORTON. And one of the things I will be able to say, you know, if, in fact, the nonattainment areas like, I don't know, like Denver and L.A., which are in deep trouble—if you can say on the House floor to Members that those areas will get some specific help here and that there will be enough money to do it so that you don't look like a fool when you say you don't know how much money, and it is going to go all over the country, you can prove that you will have an effect in those areas, then you begin to build support for a piece of legislation.

And—but what you are telling me is that the money should just be thrown out there, regardless of priority need under any of the missions you have named, and that people like me who have to

carry this legislation, who strongly favor it, should not, in fact, have specific goals that they can use to say we will, when we reauthorize, measure the effectiveness of this legislation by.

Mr. DITTMAR. In fact, I would suggest that in metropolitan areas and cities and towns around America, whether or not they are in clean air nonattainment, you can suggest to the Members of the House and the Members of the Senate that this benefit would be available to all of their constituents who are Federal workers.

Ms. NORTON. How would it be, if, in fact, there was so little money—this is what I call, you know, soft thinking, if you will forgive me—if there is so little money that you have a few Federal employees everywhere using this, will we seriously be able to maintain that clean air in every district has, in effect, been helped?

Mr. DITTMAR. To the extent that—and we have documented the parking benefit, GAO has documented the parking cost at $90 million, partially from federally owned but largely as the General Services Administration leases space in buildings and space in lots. To the extent that there is money recouped from that, that then becomes what was characterized disdainfully as a zero sum game. I would characterize it as a positive zero sum gain as the way we want to do Federal budgeting.

And I think the Georgia——

Ms. NORTON. Money recouped from it. Go ahead. What will I be able to say is the goal that has been met, the policy goal?

Mr. DITTMAR. Oh, the policy goal is healthy and livable communities. And it is a much broader goal, I think, and more——

Ms. NORTON. Thank you very much, lady and gentlemen, but healthy and livable communities is the goal of each and every piece of legislation, virtually, passed in the House of Representatives.

Mr. STERN. Madam Chairwoman, from my perspective, I can accept that the fundamental goal is to clean the air, and I believe that there is nothing that meets that goal on a per dollar basis better than including bicycles in the subsidy.

Ms. NORTON. All right. Then I understand where you are, Mr. Stern, because at least you have established a goal.

And I just want you to know that a program that has been very promising—was promising at $21 subsidy, has been more promising at $60 subsidy, where the unions have testified that they would be willing to bargain, is looking very good. But we can maintain it and measure it, and increasingly we are unable to get money on the House floor unless we can come in with measurable results.

We got to first know what in the world we are measuring in. Are we measuring livable communities? Like are we—if so, then I don't know how you measure that. Are we measuring whether or not perhaps we had an effect on—in nonattainment areas? At least if we knew we were measuring that, we might figure out a way how to measure it.

But if we really don't know what we are measuring, then we are arguing for something we all are for but that everybody can argue against because we haven't been specific enough about what we are for. But—though we have given ammunition to our enemies, when we have not indicated our policy goals with the greatest specificity.

So I just want to tell you, I was frankly disappointed to hear you argue that it just should be disbursed out of the country at a time when the subsidy itself is in danger.

Ms. PARCELLS. I would like to just make a few comments.

First of all, speaking on behalf of our coalition I would like to say that we certainly would—if the committee feels that the only way to enact this legislation is to restrict it to the non-attainment areas, we will support that.

Ms. NORTON. You are not even talking about enacting the legislation. We are talking about measuring the effect of the legislation. You can imagine that the proposal of the administration did not lightly move to nonattainment areas. So you have to ask yourself, well, why would they do that? Why would they do that?

The first thing you have to ask yourself is why would they want to restrict it. And when you ask yourself that question, then you can argue for it or against it.

But I don't think this goes to whether or not you pass the legislation. I think we could pass the legislation with what all of you have said, you know, just throw the money out there, although I think we would meet some heat with people who oppose this. And there will be many people who oppose this.

You heard some comments from the rostrum, that there are many people who don't live near mass transportation. There are many people who have kids and have to drop them off. And I have been up here racking my brain to try to deal with those people, lest those be raised against us, that there are ways to deal with those people, the way the subsidies are used.

But I am suggesting to you that at least the proposal put forward by the administration tells us what they are after and gives us something to shoot at or shoot for. And these days that is necessary to pass legislation in the Congress of the United States.

Mr. GREENBERG. Just one, if I can interject for a second. I respect whatever political calculations need to be made, whether——

Ms. NORTON. This is not even a political calculation. No legislation should be passed unless its policy goals are clear.

Mr. GREENBERG. OK, fine.

Ms. NORTON. That means that whether you are for it or against it, the policy goal is up—it is not a political matter. It is a matter of how legislation and how priorities are measured.

Mr. GREENBERG. I appreciate both of those points.

In terms of—we know that the private automobile contributes to air pollution problems. It contributes to air pollution problems in attainment areas. It contributes to them in nonattainment areas. I respect that agencies and this committee may choose to, you know, perhaps narrow what is eligible for the funding.

A couple reasons, though, that I would suggest for keeping the benefit broader. Again, there are some things that you are bringing up now that weigh against this.

But, first of all, local agencies that are in attainment—they still are offering free parking, many of them, most of them probably because those are in areas that are less likely to be in the more dense urban areas. If the agencies make decisions at the local level as to—if an agency—if a particular office of an agency makes a decision, then, from the standpoint of that office, if they can use those

particular benefits that they get from charging for parking to give a transit benefit locally, it might fly locally when if you took this element out of there, you might not be able to do that.

And, again, every car you get off the road is contributing to clean air, and every time you take a Federal worker or non-Federal worker and take them out of their car and put them on a bicycle or in a transit you are helping to meet our Nation's——

Ms. NORTON. Local—this—confining it to nonattainment areas could be done using your locality orientation.

Mr. GREENBERG. But the point is, in the other areas you are still giving free or subsidized—significantly subsidized parking. And those areas—I would hate to shut those—you don't have an even playing field.

Ms. NORTON. What you don't have is money. You don't have enough money to shut down all the parking places.

Mr. GREENBERG. You certainly would if you began—there are maintenance costs of these facilities. Even if the $90-million figure is high—and what I have read is that the $90-million figure is probably quite low—but you do have costs. We are subsidizing those costs. And there are——

Ms. NORTON. This is—are you opposing the permissive nature of this bill? This is a bill that would give the agencies option.

Mr. GREENBERG. Right. And I am suggesting that offices in areas that are in attainment areas should also have that option so that they can——

Ms. NORTON. Yes, I understand. I understand that was your original position. And you have not moved the dialog ahead if you leave us without any way to prioritize what is likely to be less money in some respects unless we find a way for these agencies who are going to, we think, take money from—or many of them at least—take money, squeezed as they are going to be, from this program. And they are going to take money from it, and we are, therefore, pressed even to moving to the step that I think should have been taken in the first place, of charging for parking.

What we are trying to do is put all of the elements on the table, assume hard choices and come out with an answer that at least gets you toward some policy goal that you have identified.

Yes.

Mr. REPLOGLE. Yes, I think that what you are suggesting is a sound approach. But I would argue that there may be a slightly different way to couch that, which can address all of the concerns that are being discussed. Rather than excluding from this program nonattainment areas, give priority in access to funds that may be available within any given Federal agency to areas that have air quality problems. And, if there is a surplus of funds in that agency, make them available permissively to areas that don't have air quality problems. I think that would——

Ms. NORTON. That would be one approach. It certainly begins to deal in a hard choice way with the problem. You are likely not to get to the areas, though, given the amount of money involved. But if you don't, you don't.

Mr. REPLOGLE. Right. And administrators could make those choices.

So, for example, the Department of the Interior, if it wanted to target very specifically with bullet accuracy Yosemite Park and a transportation options program there, they could choose to allocate some resource, very targeted.

Ms. NORTON. Yosemite Park, if you got down to it.

Mr. REPLOGLE. Even the Department of the Interior probably has more of its facility located in attainment areas than nonattainment areas.

Mr. STERN. Madam Chairwoman, you mentioned several times the need to have clear goals and know how you are going to achieve those goals. You also mentioned the administration's proposal and how it had such goals. But, in my view, the administration's proposal doesn't do such a thing. The administration's proposal states explicitly the goal is to increase use of transit—of public transit.

In my view—and I think you said also—the goal of the program should be to reduce pollution and perhaps congestion and energy use.

Ms. NORTON. Mr. Stern, you are telling me what the goals should be. I am telling you they have goals for you to shoot at. That is what the goal is. Don't accuse them of not having a goal simply because you don't agree with the goal they have.

Mr. STERN. But the goal is a subsidiary goal. The ultimate goal is to reduce pollution. This is one way of achieving that, by increasing the use of public transportation. But it is not the goal that they are trying to achieve. And I fear that sometimes we lose track of the overall goal we are trying to reach.

Ms. NORTON. Do you—in light of the differences that you have spoken of, do you favor individualizing the approach by allowing collective bargaining instead of agency mandate without participation or input by employees?

Mr. DITTMAR. We support—STPP supports the reauthorization of the benefit. I was very pleased to hear that ray of hope from our friends from the unions earlier today. And if that is—that is clearly a case of if that is what it takes, we support that approach.

Ms. PARCELLS. I would express the same sentiment on behalf of the coalition that I represent. We were very encouraged by the testimony that we heard this morning, and we want to see this very vital program continue. And we would like to agree that if that is what it takes to make it happen, then we support that.

Ms. NORTON. I am interested in your rationale. You don't seem to see a positive value in having employee participation in the decision, only if it is necessary?

Ms. PARCELLS. No, I think there is positive value of employee participation.

Mr. DITTMAR. And clearly—clearly to the extent that parking charges are a benefit that is offered to employees and if reauthorization of this act places the parking benefit, the transit benefit, at the table, we are doing something significantly to advance the employee's consciousness of the choices that they make and both the individual and societal consequences. So I think there is a sound public policy rationale for it as well.

Ms. NORTON. In your scenario where everything gets subsidized and every place gets subsidized, would you be willing to do that at

the cost of reducing the subsidy, which has been raised and gotten additional participation, the GAO testified, precisely because it has been raised?

Mr. DITTMAR. We seldom have to make these hard choices sitting out here as witnesses.

Ms. NORTON. I can see that.

Mr. DITTMAR. But I think that—I think that I would find Mr. Replogle's idea of a prioritization in terms of the areas that it is offered probably more compelling than a reduction in the amount of the subsidy—that you go that direction.

Ms. NORTON. I think that is the one thing we see is that people respond to the economic incentive. So if we are looking for values here, it is important to have your comment on that.

Mr. REPLOGLE. If I could just add to that.

Ms. NORTON. Yes, indeed.

Mr. REPLOGLE. I think prioritizing the full value of the $60 in the cities with the most severe air quality problems I think might be one way of addressing——

Ms. NORTON. But, you know, you can only get reimbursed for what it costs you, and it may not——

Mr. REPLOGLE. Right, I realize. The $60 cap.

Mr. GREENBERG. Can I——

Ms. NORTON. Yes, by all means.

Mr. GREENBERG. One correction on that. You can only get a tax deduction on what it costs you. This committee can decide to do what it wants to do. Under current standards, that is true. But I think you have the authority to broaden that.

Ms. NORTON. Yes, I understand what you have said. I was just checking what the legislation had said.

To Mr. Greenberg and Mr. Stern, as to why the auto seems to be favored, first of all, it is conceivable that somebody will get out of their auto, of course, and walk or bicycle. But, clearly, it is favored because the auto is the culprit. What you are trying to do is to give an incentive to people who are doing the polluting to stop doing it, and it is favored because you can derive income from those who are doing the pollution by charging for parking and transferring that to others.

Unfortunately, in this equation, cycling falls outside because it is already—and this is—I can understand the frustration you feel, but since cycling is not the culprit and walking is not the culprit, the subsidy is not directed at the culprit. Even as we spend money in the Congress on people who don't work, can't work, are on drugs, are criminals to get them rehabilitated, and we don't spend the money on the law-abiding citizens because they are not the culprits. So we are put in this anomalous position that you find, I think, justifiably frustrating.

But I don't know any way to get out of that—out of that position without again abandoning a major policy goal of the legislation.

Mr. STERN. It is my understanding, Madam Chairwoman, that we try and convince criminals to be good upstanding citizens by giving them incentives to do so.

And, again, our proposal is——

Ms. NORTON. And so—see, we don't do that for the people who are already good citizens. We give the incentives to the ones who are not, because they get the services.

Mr. STERN. That is—in the Metro transit subsidy, you have the same dilemma. How—this study shows, I believe the GAO testified, that 25-some-odd percent people were taking the Metro because of the subsidy, and, therefore, 75 percent would have taken it anyhow. And if we could come up with a perfect system, we would somehow find out which 25 percent that was and offer them the incentive but not the 75 percent.

Ms. NORTON. Absolutely, and I asked the GAO about that because I am interested in getting at the real culprits here and not the ones—although you could also argue that other people might decide to, in fact, drive to work if they didn't already—if they didn't have the subsidy. I mean you would have to really have a rather complicated model to figure this one out.

Mr. STERN. Right. So one can't, at first cut, anyhow, do this, accomplish this. And this is true for the transit subsidy and for the bicyclists. If you want to encourage someone who is not bicycling to ride a bicycle, you have to offer the subsidy to anyone, including those who are already doing so.

Ms. NORTON. Ms. Parcels, for example, said that one thing you might do is to have racks and facilities. You mentioned showers. But then when you talk about cash-out cyclists, I am not sure where the cash would come from.

Mr. STERN. Well, I mean the point is again quite simply—and I think you said you recognize what we are trying to say—but every form of transportation in a sense is subsidized except for the form that does not pollute.

Ms. NORTON. Just like good citizens aren't subsidized but only those who pollute us in one way or the other are.

Mr. STERN. The good citizens are subsidized by their freedom, and the criminals are penalized by their imprisonment.

Mr. GREENBERG. Can I make one response to your cash-out?

Where is the cash going to come from? I don't have the breakdown, you know, in when parking permits or parking passes are taken away, I don't know how much money the agency is saving because of that. But I would certainly be willing to construct a program around those figures.

In other words, if taking 10—getting 10 people out of the car saves the agency x amount per person who is out of their car, I would be willing to cash out at that value or even raise the fee somewhat and cash out at a lesser value so you could also provide——

Ms. NORTON. I am sorry. You would be willing to cash out on what?

Mr. GREENBERG. On the value that it costs the agency to provide the parking spot. In other words, I am willing to say—you said, well, we don't have the $90 million. Whatever that figure is—whatever it is that we are—that it is costing us, whether it is that we could sell off the land or that there is maintenance costs and there are guards there and you have this person from the Senior Executive Service saying that, you know, the concern about safety and having the guard there all the time, that has got to cost something.

Ms. NORTON. How would you cash that out? You want us to lay off the guard, even though there will be use of that facility?

Mr. GREENBERG. You can consolidate parking facilities. I am sure that GAO or somebody—or we can talk to the people who did the study to get at those numbers, to see how much money can you get out of that.

But the would bottom line is there is some money. We are paying some money out.

Ms. NORTON. Well, we know the parking money is included in that $90 million.

Mr. GREENBERG. Right. But we are paying——

Ms. NORTON. And one of the things we need to find out—perhaps the GAO reports says so. We need to find out what that $90 million consists of.

Because when you get beyond the parking I am not sure you are getting to anything. Nobody's going to sell off—at this stage of participation, nobody's going to sell off the land. I think you said that. And, again, I am looking for useful ideas, if I may say so. No one is going to sell off the land. If you have to have somebody guarding it, it may be possible that you may have to have fewer people guarding it. I doubt it, but it may be possible.

Mr. GREENBERG. If there is a commercial value for that parking, open it up. I mean, I know there has to be changes to be made, but there is a way of recouping that value.

Ms. NORTON. Again, if the Government could find the way to market its parking places—as we heard from the unions, there are not enough parking places.

Mr. GREENBERG. Well, if there is a lot next to a commercial lot and they put up the same price, they could get the same value. I mean, I don't buy the argument that we are stuck in this current situation and we can't recoup any of the money that commercial operators——

Ms. NORTON. We don't say we can't recoup any of the money. Your burden is to where the money is. We got the parking money. Hypotheticals about where money may be buried, obviously, would not be useful as we try to talk about cashing out.

Mr. GREENBERG. OK. Well, there is certainly some money there, and there is some money to get. How much that is, is something we have to find out.

Mr. STERN. I would like just a moment to go back to our discussion a minute ago. I think it was—and it is not totally appropriate to use the analogy of criminals and free citizens, because I don't view car drivers to be criminals. I simply don't think that the Government should encourage them to drive. They should be free to do so if they are willing to pay for it.

I think fundamentally, as we said, we have to establish goals and determine on a dollar-for-dollar basis what are the best ways of achieving those goals. And I think that that indicates that for a small but reasonable percentage of the population, on a dollar-for-dollar basis, the best way of achieving the goal of nonpollution is to offer financial incentives for people to take forms of transportation that don't pollute.

There is a study, a Harris poll, that concluded that 18 percent of adults—that is several million people—say that they would

sometimes commute by work by bicycle if employers offered financial incentives. That is 18 percent in the Harris poll that said they would choose to commute by bicycle if financial incentives were offered.

In Erlanger, Germany, 26 percent of the trips are taken by bicycle. We could go on with all sorts of statistics.

Ms. NORTON. Going on with these statistics, let me invite the bicycle groups to help me out. Because I would like to include—I would like this legislation to be as comprehensive as possible, and I would like to get it passed, and I would like not to see some amendment to strike part of my bill. I would like to see recognition of cycling and walking in this bill, and I think that would be a breakthrough. And, again, Ms. Parcels has offered us a beginning.

And I would like to see ideas—not that cash-out ideas that won't flow because we don't have the data and, even if we did, we don't know if we would apply in a given situation. We are experimenting with whether or not we will even get pay for parking, and of course we need to get it in the agency's own budget.

But what I do think is missing are enough specifics on what the bill might say that could be written into it this time indicating that the committee wants agencies to recognize the entire spectrum of alternatives to the car.

And I would ask you—since I am going to vote and I am going to end this hearing now, I would ask you, to the extent that you are able and have ideas that you might work through, to be in touch with the staff so that this bill could, in fact, for the first time be truly comprehensive.

Thank you very much. Your testimony has been very elucidating. I am—despite my tough questions—you will have to forgive me. I am still a professor of law at Georgetown University Law School. The Socratic method does not allow for soft questions. It also doesn't, at this point, help me as I try to arm myself for the considerable number of Members who will simply be against this on policy grounds.

But I have found the exercise extremely useful, and I invite your further participation as we move to reauthorize this bill. And I am going to see to it that before December 31, this bill is reauthorized.

I thank you so much.

[Whereupon, at 2:26 p.m., the subcommittee was adjourned.]

[Additional material submitted for the record follows:]

NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES
AFFILIATED WITH SERVICE EMPLOYEES INTERNATIONAL UNION, AFL/CIO
2011 Crystal Drive, Suite 206 Arlington, VA 22202
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October 5, 1993

Honorable Eleanor Holmes Norton
Chairperson, Subcommittee on
Compensation and Employee Benefits
Committee on Post Office and Civil Service
House of Representatives
Washington, D.C. 20515

Dear Representative Norton:

Enclosed please find the testimony of the National Association of Government Employees regarding proposed legislation on a mass transit subsidy program for federal employees. We respectfully request that this testimony appear as part of the written record.

The enclosed testimony makes a number of specific suggestions of how, in the opinion of NAGE members, the draft legislation can be improved to accommodate the goals of the legislation with the interests of federal employees. NAGE would be pleased to discuss any of these proposals with you or your staff prior to a markup on the legislation.

Thank you for your continued dedication to federal employee issues. We look forward to working with you on this and other matters. If you have any questions, please do not hesitate to contact NAGE Legislative Director Chris Sullivan at (703) 979-0290.

Sincerely,

Kenneth T. Lyons

Kenneth T. Lyons
National President

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TESTIMONY OF THE

NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES, AFL-CIO

TO THE

COMPENSATION AND EMPLOYEE BENEFITS SUBCOMMITTEE

OF THE

HOUSE COMMITTEE ON POST OFFICE AND CIVIL SERVICE

REGARDING

THE MASS TRANSIT SUBSIDY PROGRAM FOR FEDERAL EMPLOYEES

September 30, 1993
311 Cannon Building

Introduction

The National Association of Government Employees (NAGE) is an affiliate of the Service Employees International Union, the fourth largest union in the AFL-CIO. NAGE represents more than 200,000 government employees all across the country and, on their behalf, we welcome this opportunity to present our views before the Subcommittee on Compensation and Employee Benefits on the Transit Benefit Program Act of 1993.

Existing Law

Under current law (40 U.S.C. 490(k)), agencies already have authority to raise parking rates to commercial levels. Any revenue raised from such rates or fees is to be credited to the fund initially charged for providing the service. Amounts raised in excess of actual operating and maintenance costs shall be credited to "miscellaneous receipts." While Agencies currently have this authority, no Agency has raised parking rates to commercial levels.

Additionally, under the current tax code, agencies can give employees a maximum tax free transit benefit of $60 per month to subsidize employees who take public transportation. However, the vast majority of agencies do not confer this amount to employees because they do not have the revenue.

Concerns and Recommendations

The Transit Benefit Program would change existing law by providing that the funds raised from charging drivers for parking

would be put into a transit benefit program to encourage employees to commute via public transportation. The benefit program may involve the sale of discounted transit passes or other incentives, including a monetary allowance, that reduce cost to the employees of using public transportation.

While NAGE supports initiatives that provide incentives to employees to use public transportation and that improve the quality of air in non-attainment areas, we would like to express the following concerns and make the following recommendations:

First, federal employees will be unfairly burdened if they are asked to pay commercial rates for parking. In Washington D.C., commercial rates range from $65 to $165 per month. For years, Federal employees have borne the brunt of many Congressional proposals to raise revenue or cut government spending. A recent example, as you know, Members of the House and Senate Appropriations Subcommittees for Treasury, Postal Service and General Government recently agreed on a proposal to freeze Economic Cost Adjustments and deny federal workers their regular, annual pay adjustment of 2.2% for FY94 in the FY94 Treasury Postal Appropriations Bill. Federal employees, already facing a freeze in pay, and a decade of cutbacks, cannot afford this extra burden.

Due to geographical limitations of existing public transportation, federal employees may not be able to use public transportation. Indeed, many federal employees relied on the fact that they had parking at work when they chose the location of their homes. To now ask employees to pay $65 - $165 more per month is a

devastating blow to employees who, had they known they would incur such costs, could have chosen to live closer to public transportation.

Legislation should not allow federal agencies to profit through charging market rates. Instead, parking rates should be set at rates that meet, but do not exceed, the costs of the subsidies for public transportation. Legislation should ensure that the revenue raised through charging employees for parking spaces is earmarked only for maintenance of the parking structure and for subsidies to other employees to utilize public transportation.

Second, even for those employees who live near public transportation, mass transit may not be a viable option. For example, many of our members have to drop off their kids at day care and at school, then go to work, then return from work, and then pick up their kids on the way home. Families facing circumstances such as these would not be able to switch from driving to public transportation.

The National Association of Government Employees has long supported legislation that promotes the family. Family friendly legislation that NAGE has supported includes: the Family Leave Sharing Act, wherein federal employees can make contributions to a voluntary leave bank which is available to fellow employees who experience a medical or family medical emergency and have exhausted their leave, and the Family Medical Leave Act, which provides 12 weeks of unpaid leave to care for newborn children or ill

relatives. The National Association of Government Employees is concerned that the proposed Transit Benefit Program, if enacted as currently drafted, may negatively disrupt lifestyles of many families.

To make this legislation more supportive of families, NAGE recommends waivers or reductions of parking fees for those who are not able to utilize public transportation. Also, where agencies have on-site child care with limited capacity, agencies could give preference to those parents who bring their children to work and day care via public transportation.

Third, because the needs and availability of parking and mass transit vary wildly from location to location, proposed legislation should ensure that any changes are made on an agency by agency basis. Legislation should expressly authorize labor organizations to bargain over the availability and rates of parking spaces at the local level. In so doing, this proposal will more accurately meet the geographic specific needs of employees and agencies. By allowing negotiations at the local level, employees and agencies can also work out issues of waivers from the parking charges for those who are not able to utilize public transportation, either due to geographic constraints, family obligations, or physical disabilities.

Fourth, under the provisions of this bill, federal agencies have authority to charge "anyone" for a parking space, thereby giving agencies broad discretion in imposing parking fees. This scheme could lead to the inequitable situation of agencies offering

free parking to top officials, while asking lower paid employees to pay prime rates for parking.

The National Association of Government Employees strongly believes that once a policy to charge for parking is in place, the rates charged should be equitable. Either the monthly rates should be structured so that they are tied to grade and salary levels, with those earning more, paying more, or the rates should be even across the board for all employees who utilize parking spaces.

Fifth, the Transit Benefit Act provides that federal agencies are authorized to charge anyone for parking space and "related service." Neither the bill nor the section-by-section analysis defines what is meant by related services. It is unclear whether this would encompass shuttle buses that are frequently used by federal employees to get from one site, such as the Pentagon, a popular bus and subway station, to the federal agency in which they work downtown. To charge employees for shuttle services simply to raise revenue, controverts the stated purpose of this bill of promoting mass transportation. The language of the bill should be clarified to avoid such interpretation.

Sixth, the Transit Benefit Act, as currently drafted, could allow an agency to charge employees for parking services while simultaneously not requiring that agency to extend benefits to employees who use public transportation. Indeed, a federal employee may participate in a transit benefit program only if he or she lives in a nonattainment area, maintenance area, or area at risk for nonattainment. However, a federal agency may charge for

parking spaces and related services, regardless of whether it is located in such a designated area. To remedy this anomalous situation, federal employees who live in areas that are not targeted by the Clean Air Act and thus are not eligible for transit subsidies, should not be asked to pay for parking.

Conclusion

NAGE supports measures to improve the quality of the air we breath. We hope that you will not single out federal employees who drive to bear this burden. Because the expectations of employees who are dependent upon private transportation must also be protected, we urge you to modify the Transit Benefit Program Act of 1993, to provide some assurances that people who must drive to work are not placed in financial straits simply to subsidize people who are able to use public transportation. Once again, Mr. Chairman, we thank you for the opportunity to present our views.

3/4

COMMONWEALTH of VIRGINIA

John G. Milliken
Secretary of Transportation

Office of the Governor
Richmond 23219

(804) 786-8032
TDD (804) 786-7765

August 17, 1993

The Honorable Eleanor Holmes Norton
Chairman
Subcommittee on Compensation and Employee Benefits
Committee on Post Office and Civil Service
209 Cannon House Office Building
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Norton:

I am writing to urge enactment by December 31, 1993, legislation to extend and make permanent the incentive program encouraging federal employees to use public transportation, consistent with the goals established in the Clean Air and Energy Policy Acts. Such legislation would be consistent with benefits private employers offer under the Energy Policy Act.

Enactment of this legislation is very important to Virginia as we are undertaking a substantial effort to expand our statewide workplace transit benefits program. This is one transportation management initiative we can take to bring into compliance areas that have large concentrations of federal workers and have not achieved Clean Air Act standards. This legislation is particularly important to the Hampton Roads and Northern Virginia areas.

There are nearly 600,000 federal employees in Virginia, including many military employees. Encouraging these workers to take public transit is consistent with the Clean Air Act, the Energy Policy Act and makes optimal use of our investment in public transit throughout the state.

The Honorable Eleanor Holmes Norton
August 17, 1993
Page Two

A permanent federal workplace transportation benefits program would buttress our focus on providing energy efficient, environmentally sound, dependable transportation choices throughout Virginia. We greatly appreciate your full consideration of this request.

Sincerely,

John G. Milliken

JGM/cmg

cc: Virginia Congressional Delegation
Washington Metropolitan Area Transit Authority
Northern Virginia Transportation Commission
Association for Commuter Transportation
Tidewater Regional Transit

Campaign for New Transportation Priorities

900 Second Street, NE, Suite 308
Washington, DC 20002

Phone (202) 408-8362
Fax (202) 408-8287

Steering Committee

Harriet Parcells
National Association of Railroad Passengers

Michael Replogle
Environmental Defense Fund

Nancy Hirsh
Environmental Action

Andy Clarke
Bicycle Federation

Robert Molofsky
Amalgamated Transit Union

Sara R. Nichols
Clean Air Council

Hal Hiemstra
Rails to Trails Conservancy

John Holtzclaw
Sierra Club

Ross Capon
National Association of Railroad Passengers

Brent Blackwelder
Friends of the Earth

September 15, 1993

The Honorable Eleanor Holmes Norton, Chairwoman
Subcommittee on Compensation and Employee Benefits
Committee on Post Office and Civil Service
209 Cannon Building
U.S. House of Representatives
Washington D.C. 20515

Dear Chairwoman Norton:

The undersigned national and local environmental, labor and consumer organizations are writing to urge Congress to enact legislation that would make permanent the employee transit benefit program for Federal workers across the country. Private sector employees already are assured this benefit on a permanent basis. Yet, the benefit for Federal workers, enacted as part of the Treasury, Postal Appropriations Act of 1991, will expire on December 31, 1993 unless action is taken.

Given the tremendous significance of this incentive in getting workers to leave their cars at home and commute by cleaner, more energy-efficient urban mass transit instead, it makes no sense to allow this benefit for Federal workers to expire. Major metropolitan areas throughout the country are currently developing strategies to bring their regions into compliance with the Clean Air Act Amendments. Employee commute programs to reduce the number of employees commuting by single-occupant auto are either mandated or under serious consideration in urban areas nationwide. The employee transit benefit program will play a fundamental role in the success of these programs and eligibility of Federal workers for these programs is crucial.

The existing Federal transit benefit program has demonstrated successful results, according to studies by the Delaware Valley Regional Planning Commission and by the General Accounting Office (GAO). Some 100 Federal agencies in the U.S. participate, making the benefits available to over 30,000 Federal workers across the country. The potential exists to encourage hundreds of thousands more Federal workers to select transit over solo-driving. The average Congressional district has

over 20,000 Federal workers. States such as Maryland, Virginia, California, Texas, Florida and New York have a Federal workforce in excess of 500,000.

Each person who uses mass transit for a year instead of driving to work spares the environment: 9.1 pounds of hydrocarbons, 62.5 pounds of carbon monoxide and 4.9 pounds of oxides of nitrogen.

Making the Federal employee transit benefit permanent is wise policy for the country. We urge you to enact legislation that makes this important Federal employee benefit permanent.

Sincerely,

Michael A. Replogle
Co-Director, Transportation
Environmental Defense Fund

Harriet Parcells
Project Director, Campaign for
New Transportation Priorities

Janet S. Hathaway
Senior Attorney,
Natural Resources
Defense Council

Ross Capon
Executive Director, National
Assoc. of Railroad Passengers

Alden Meyer
Legislative Director,
Union of Concerned
Scientists

William C. Wilkinson III
Executive Director,
Bicycle Federation of America

Brent Blackwelder
Vice President,
Friends of the Earth

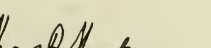
Nancy Parish
Environmental Action
Takoma Park, MD

Walter Hook
Institute for Transportation
and Development Policy
New York, NY

Christopher Lehman
Institute for Transportation
and the Environment
Seattle, WA

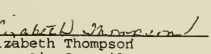
Robert Molofsky
Amalgamated Transit Union

Robert Kennedy
New Transportation Alliance
Madison, WI



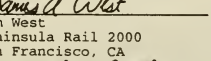
Thomas Shrout
Citizens for Modern Transit
St. Louis, MO

Ray Polani
Citizens for Better Transit
Portland, OR

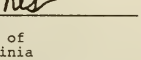


Elizabeth Thompson
Clean Air Council
Philadelphia, PA

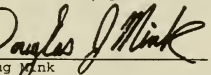
Rich Tolmac
Modern Transit Society
Sacramento, CA



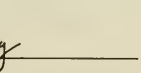
Jim West
Peninsula Rail 2000
San Francisco, CA



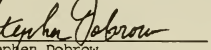
Ann Haynes
Moving People of
Northern Virginia



Doug Mink
President, Bicycle Coalition
of Massachusetts



John Hoy
Baltimore Area
Transit Association



Stephen Dobrow
Committee for Better Transit
Long Island City, NY

DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

National Institutes of Health
Bethesda, Maryland 20892

SEP 16 1993

The Honorable Eleanor Holmes Norton
Washington Delegate from the
District of Columbia
House of Representatives
Washington, D.C. 20515

Dear Ms. Norton:

It has recently been brought to my attention that the Subcommittee on Compensation and Employee Benefits, which you chair, is planning to hold a hearing on the reauthorization of public transportation subsidies to employees of the Federal government.

In support of continuing this subsidy initiative, I am pleased to provide you information on the National Institutes of Health (NIH) subsidy program, called TRANSHARE. I am also taking this opportunity to communicate NIH's desire to see this program reauthorized, and to outline several changes to the authorization language that we believe would improve our ability to recruit and retain participants.

The NIH TRANSHARE program began in October 1992 as a pilot program of the Department of Health and Human Services and is a key element in the NIH's Transportation Management Plan (TMP). The TMP was developed to address the serious problems of parking and transportation on the NIH campus, as well as to mitigate the impact of campus growth on the surrounding community. Though not necessarily apparent to those outside of the NIH, these problems affect our ability to recruit and retain employees and, therefore, the ability to fulfill our mission.

NIH's parking and transportation difficulties stem from a variety of sources. Our campus, consisting of 50 buildings and approximately 16,000 employees, is located in a metropolitan area that has experienced tremendous growth. This has resulted in traffic congestion on the surrounding road network, particularly during the morning and evening commuting times. As more employees come to the NIH campus to work it is incumbent upon us to provide alternative methods of transportation and alternative options for parking in order to mitigate our impact on the surrounding community and road systems.

Improvements in the areas of parking and transportation are also vital to the approval of the NIH Master Plan, now scheduled for submission to the National Capitol Planning Commission (NCPC) in December 1993. Approval of the plan is contingent on evidence

that the NIH will mitigate the impact of its growth. These programs and their success are important to the approval of future building programs which are vital to accomplishing the mission of the NIH.

Additional pressure comes from local jurisdictions who have imposed parking space restrictions on NIH based on employee population. Employee growth restrictions at NIH may also be imposed at some point based primarily on traffic generation. As the largest employer in the region, NIH can have a beneficial impact on traffic reduction through the promotion and funding of transportation management initiatives. Continuation of TMP programs, including Transhare, will benefit many diverse groups. The employees will benefit by increased access to alternative transportation and parking options that currently create a negative work environment. The immediate surrounding neighborhoods will benefit through reduction of disruptions such as employees parking in or cutting through their neighborhoods. The larger surrounding community will benefit from the reduction of single occupancy car commuters on the area's road network. The Washington area will benefit through a reduction in the volume of automobile emissions, which the NIH is required to address as part of the new Clean Air Act.

Though the causes of the parking and transportation problems at NIH are many, there is one clear strategy on which we must focus in order to alleviate the situation. We must reduce the number of single occupancy vehicles destined for the NIH campus each morning. The NIH Employee Transportation Services Office (ETSO) has already implemented a number of programs designed to meet this goal. For example, several satellite parking lots, with shuttles provided between the lots and campus, have been provided. Another initiative provides preferential parking to employees who carpool. Although each of these programs is vital to the overall success of the TMP, the program with perhaps the most potential for improving the current situation is continuation and expansion of the Transhare program.

Transhare provides a $42 per month subsidy to NIH employees who commute by public transportation or by vanpool. To participate, employees surrender their NIH parking permits and are issued a Transhare Commuter Card. This ID is used to obtain fare media from the NIH Recreation and Welfare (R&W) Association office on a monthly basis. Participants may elect to withdraw from the program and regain their parking privileges at any time. There are currently almost 1,500 employees participating in the program. Unfortunately, this level of participation, though significant, may not be sufficient to justify continuation of the program.

Page 3 - The Honorable Eleanor Holmes Norton

In attempting to increase participation, several obstacles to full implementation of the program have become apparent. If overcome, our ability to recruit participants will be greatly enhanced. I respectfully request your consideration of these matters at the reauthorization hearing you have scheduled for September.

First, funding for Transhare comes from money appropriated to NIH that was intended to be used for health research. Use of these funds in the future will be severely restricted. In order to continue to fund Transhare and other TMP initiatives, NIH proposes that it be given the authority to "reacquire" monies collected by NIH from parking and traffic violations on the campus, as well as money collected through paid parking programs at NIH. This money is currently deposited into the U.S. Treasury. Such a funding mechanism would allow the programs to be essentially self-funded, and would avoid the use of appropriated funds not intended for this use.

A second obstacle we face is that several groups of employees on the NIH campus are currently excluded from participation in the Transhare program. These exclusions are based on technicalities concerning the definition of an "employee" of the Federal government. The first group, uniformed service personnel, constitute a substantial presence on campus with approximately 800 members of the PHS Commissioned Corps on campus. A second group affected by this technicality are those involved in research training programs at NIH. Trainees are supported by modest stipends that make this group among the lowest paid at NIH. There are over 2,000 researchers in this category, and approximately 200 have already applied to participate. The ability to recruit participants from these groups of employees would be a significant step in helping the NIH reach its TMP goals.

I hope that this information proves useful in your upcoming hearing. Please contact me on (301) 496-2215 if I can provide any further details or assistance. We would welcome the opportunity to work with the Committee staff on these issues.

Sincerely yours,

Stephen A. Ficca
Associate Director for
Research Services

cc:
Ms. Morella
Ms. Mikulski

Department of Energy
Denver Support Office
2801 Youngfield St., Suite 380
Golden, CO 80401-2266

September 22, 1993

The Honorable Eleanor Holmes Norton
U. S. House of Representatives
1415 Longworth House Office Building
Washington, D.C. 20515-5101

Dear Congresswoman Norton:

The purpose of this letter is to encourage you to continue the Mass Transit Subsidy Program available to Federal employees.

The experience of my office has been that this program has provided many benefits at a very low cost per employee. Two years ago, we were able to provide public transportation passes to all of the Denver Regional Support Office employees through the Regional Transportation District's EcoPass Program. The cost of this pass, which allows the employees total access to the Denver metropolitan area bus system is only $35.00 per year.

The goal of the EcoPass has been to reduce gasoline consumption and the resulting emissions, and to reduce congestion on streets and highways. Since all employees receive the pass, it has also been a means to increase the ridership and therefore the efficiency of the RTD system. The program not only offers societal benefits, it is also offering significant benefits to employees, many of whom are in lower-graded positions at a very modest cost to the Federal Government.

I have urged other Federal agencies to offer the EcoPass to their employees, but frequently have been told that the budget does not allow it. I urge you to build into any future Mass Transit Subsidy Program for Federal employees, an incentive for Federal agencies to participate.

Sincerely,

Al Hymer, Director
Denver Regional Support Office

THE PRINCE GEORGE'S COUNTY GOVERNMENT
OFFICE OF THE COUNTY EXECUTIVE

Parris N. Glendening
County Executive

September 23, 1993

The Honorable Eleanor Holmes Norton
Chairman
Subcommittee on Compensation and Employee Benefits
Committee on Post Office and Civil Service
209 Cannon House Office Building
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Norton:

This letter is to urge enactment of legislation, consistent with the goals established in the Clean Air and Energy Policy Acts, to establish a permanent incentive program encouraging Federal and private sector employees to use public transportation. The Energy Policy Act permits any private employer to provide each employee with up to $60.00 per month in transit benefits as well as $155.00 per month in parking benefits as a tax-free fringe benefit.

This benefit was extended to Federal workers in response to Section 629(d) of the Treasury, Postal Service and General Government Appropriations Act of 1991. Eligibility for Federal employees expires on December 31, 1993. We urge you to make the Federal Workplace Transportation Benefits Program permanent to enable Federal employees to receive benefits comparable to private sector employees.

According to the Prince George's County Economic Development Corporation, there are more than 87,000 Federal employees working in Prince George's County. By discouraging the use of single occupancy vehicles for commuting, our Workplace Transportation Benefits Program promises to make a significant contribution to emissions reduction. This is critical in light of the Clean Air Act requirement that metropolitan areas that do not meet national ambient air quality standards must develop emissions reduction plans. The Washington region must reduce emissions by 137 tons of pollutants per day by 1996.

14741 Governor Oden Bowie Drive, Upper Marlboro, Maryland 20772
(301) 952-4131
TDD (301) 925-5167
Printed on Recycled Paper

The Federal Workplace Transportation Benefits Program is an opportunity for the Federal government to promote clean air, energy conservation, and reduced congestion. Moreover, Federal agencies can reduce their costs of providing parking for the Federal workforce, which numbers 366,000 in this region.

If you have any questions, please feel free to contact me or Alvin J. Nichols, my Deputy Chief Administrative Officer, on (301) 952-4131. We greatly appreciate your full consideration of this request.

Sincerely,

Parris N. Glendening

Parris N. Glendening
County Executive

CITY OF GREENBELT, MARYLAND
25 CRESCENT ROAD, GREENBELT, MD. 20770-1886

TELEPHONES: City Offices (301) 474-8000 City Manager (301) 474-8002 City Clerk (301) 474-3870
Public Works (301) 474-8004 Personnel (301) 345-7203 Purchasing (301) 474-8052 Finance (301) 474-1552
Planning (301) 474-2780 Police (301) 474-7200 Recreation (301) 474-8878 CARES Youth Service Bureau (301)345-6680

MEMBERS OF COUNCIL
Gil Weidenfeld, Mayor
Thomas X. White, Mayor Pro Tem
Antoinette M Bram
Rodney M Roberts
Edward V. J. Putens

September 23, 1993

The Honorable Eleanor Holmes Norton, Chairman
Subcommittee on Compensation and Employee Benefits
Committee on Post Office and Civil Service
209 Cannon House Office Building
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Norton:

The Greenbelt City Council is writing to urge enactment of legislation to establish a permanent incentive program encouraging Federal employees to use public transportation, consistent with the goals established in the Clean Air and Energy Policy acts. The Energy Policy Act permits any private employer to provide any worker with up to $60 per month in transit benefits as well as $155 per month in parking benefits as a tax-free fringe benefit.

This benefit was extended to Federal workers in the FY 1991 Treasury, Postal Appropriations Act. Eligibility for Federal employees expires on December 31, 1993. We urge you to make the Federal workplace transportation benefits program permanent to enable Federal employees to receive benefits comparable to private sector employees.

With the Greenline METRO opening later this year, and specifically coming to Greenbelt, mass transit will become available to more commuters in this region. With the emphasis being placed on the Clean Air Act, it makes sense to continue this program to encourage the use of mass transit. Every vehicle that can be taken off the roads reduces pollutants.

The Federal workplace transportation benefits program is an opportunity for the Federal government to promote clean air, energy conservation, and reduced congestion.

Your full consideration of this request is appreciated.

Sincerely,

Gil Weidenfeld

Gil Weidenfeld
Mayor

MPM:pcb

cc: The Honorable Paul Sarbanes
The Honorable Steny Hoyer
The Honorable Leo Green
The Honorable Mary Conroy
The Honorable James Hubbard
The Honorable Joan Pitkin

This letter also sent to the attached list.

The Honorable Eleanor Holmes Norton, Chairman
Subcommittee on Compensation and Employee BenefitsENDFIELD
Committee on Post Office and Civil Service
209 Cannon House Office BuildingENDFIELD
U.S. House of Representatives
Washington, D.C. 20515ENDFIELD
Chairman NortonENDFIELD
ENDRECORD

The Honorable Constance A. Morella, Ranking Member
602 House Annex IIENDFIELD
Subcommittee on Compensation & Employee Benefits
Committee on Post Office and Civil ServiceENDFIELD
U.S. House of Representatives
Washington, D.C. 20515ENDFIELD
Representative MorellaENDFIELD
ENDRECORD

The Honorable David Pryor
Subcommittee on Federal Services, Post Office
and Civil ServiceENDFIELD
Committee on Governmental Affairs
601 Hart Senate Office BuildingENDFIELD
Washington, D.C. 20510ENDFIELD
Senator PryorENDFIELD
ENDRECORD

The Honorable Ted Stevens, Ranking Member
Subcommittee on Federal Services, Post Office
and Civil ServiceENDFIELD
Committee on Governmental AffairsENDFIELD
601 Hart Senate Office Building
Washington, D.C. 20510ENDFIELD
Senator StevensENDFIELD
ENDRECORD

The Honorable Barbara MikulskiENDFIELD
U.S. SenateENDFIELD
Washington, D.C. 20510ENDFIELD
Senator MikulskiENDFIELD
ENDRECORD

Celebrating
35
Years of Service to the Region

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

Local governments working together for a better metropolitan region

September 29, 1993

District of Columbia
Bowie
College Park
Frederick County
Gaithersburg
Greenbelt
Montgomery County
Prince George's County
Rockville
Takoma Park
Alexandria
Arlington County
Fairfax
Fairfax County
Falls Church
Loudoun County
Prince William County

The Honorable Eleanor Holmes Norton
Chair, Subcommittee on Compensation
and Employee Benefits
Committee on Post Office and Civil Service
209 Cannon House Office Building
U.S. House of Representatives
Washington, D.C. 20515

Dear Congresswoman Norton: Eleanor

The National Capital Region Transportation Planning Board is writing to urge enactment of legislation to establish a permanent incentive program encouraging Federal employees to use public transportation, consistent with the goals established in the Clean Air and Energy Policy Acts. The Energy Act permits any private employer to provide any worker with up to $60 per month in transit benefits, as well as $155 per month in parking benefits as a tax-free fringe benefit.

This benefit was extended to Federal workers in the Fiscal 1991 Treasury, Postal Appropriations Act (P.L. 101-509). Eligibility for Federal employees expires on December 31, 1993. We ask you to make the Federal workplace transportation benefits program permanent to enable Federal employees to receive benefits comparable to private sector employees. We also urge you to extend the current program until a permanent one can be put in place.

The Washington metropolitan area has 365 private companies with 30,000 employees participating in a regional Metrochek program sponsored by the Washington Metropolitan Area Transit Authority (WMATA). In addition, 25,000 employees in 87 Federal agencies participate in the Federal workplace transportation benefits program. By discouraging the use of single occupancy vehicles for commuting, the workplace transportation benefits program promises to make a significant contribution to emissions reduction. This is critical in light of the Clean Air Act which requires this region to reduce emissions by 133 tons of pollutants per day by 1996.

777 North Capitol Street, N.E. Suite 300 Washington, D.C. 20002-4226 (202) 962-3200 FAX (202) 962-3201

PRINTED ON RECYCLED PAPER

The Federal workplace transportation benefits program is an opportunity for the Federal government to promote clean air, energy conservation, and reduced congestion. We greatly appreciate your full consideration of this request.

Sincerely,

James E. Nathanson
Chairman
National Capital Region
Transportation Planning Board

R7-94
September 15, 1993

Metropolitan Washington Council of Governments
777 North Capitol Street, N.E., Suite 300
Washington, DC 20002-4226
(202) 962-3200

RESOLUTION
ENDORSING THE EXTENSION OF THE TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT APPROPRIATIONS ACT OF 1990 (P.L. 101-509) TO ALLOW FEDERAL EMPLOYEES TO PARTICIPATE IN THE MONTHLY TAX-FREE TRANSIT COMMUTING BENEFIT PROGRAM

WHEREAS, the Treasury, Postal Service and General Government Appropriations Act of 1990 (P.L. 101-509) enables Federal agencies to participate in state and local programs to encourage employee use of public transportation, and

WHEREAS, Executive Order 12191, signed by the President in 1980, directed Federal agencies to promote ridesharing and the use of other forms of public mass transportation as a means to conserve energy resources, reduce traffic congestion, and improve air quality, and

WHEREAS, the Clean Air Act Amendments of 1990 require that metropolitan areas that do not meet national ambient air quality standards must develop emissions reductions plans, and the Washington metropolitan area must reduce emissions by 133 tons of pollutant per day by 1996, and

WHEREAS, the Energy Policy Act of 1992 extended the monthly tax-free transit commuting benefit to $60 monthly, and

WHEREAS, there are approximately 25,000 Federal employees in eighty-seven National Capital area Federal agencies that are currently receiving transit benefits under the law through the WMATA sponsored MetroPool program, and

WHEREAS, there are also approximately 30,000 private sector employees in more than 365 businesses in the Washington-Baltimore region that have made available the extended transit benefits, and

WHEREAS, the Washington Metropolitan Area Transit Authority has entered into agreements with 45 independent commuter rail, vanpool, bus services and ridesharing organizations to offer "Metrochek," a unified regional transit program for Federal and private sector employees, and

WHEREAS, the availability of transit benefits has resulted in a modal shift of commuters from single occupancy vehicles to public mass transportation in both the Federal and private sectors, thereby improving air quality, reducing dependence on foreign oil and alleviating traffic congestion, and

WHEREAS, the large number of military personnel in the Washington area are not included under the current program, and

WHEREAS, the legislation enabling transit benefit participation by Federal agencies (P.L. 101-509) must be extended beyond its expiration date of December 31, 1993, to ensure that Federal employees will continue to receive transit benefits comparable to the private sector.

NOW, THEREFORE, BE IT RESOLVED that the National Capital Region Transportation Planning Board urges extension of the current program until a permanent program can be put in place, and supports Federal legislation to establish a permanent incentive program encouraging Federal employees and military personnel to use mass transit, consistent with the goals established by the Clean Air and Energy Policy Acts, and

BE IT FURTHER RESOLVED that this resolution be transmitted to the area Congressional delegation and other interested parties with a request that legislation be introduced to allow permanent Federal participation in transit benefit programs that encourage the use of mass transportation.

Adopted by the Transportation Planning Board on September 15, 1993.

Washington Metropolitan Area Transit Authority
600 Fifth Street, NW Washington, DC 20001-2693
(202) 962-1234

October 14, 1993

The Honorable Eleanor Holmes Norton
Subcommittee on Compensation and Employee Benefits
Committee on Post Office and Civil Service
209 Cannon House Office Building
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Norton: Eleanor

I want to express the Authority's appreciation for your leadership in considering making permanent the federal transit benefits program. The hearings recently held by the Subcommittee have been thorough and informative. I request that a copy of this letter summarizing the Authority's position be included in the official hearing record.

We strongly urge you to not let the federal transit benefits program expire. We are increasingly concerned about the fact that some Federal agencies have recently declined to participate in the workplace transit benefits program because of their fear that the program will soon expire.

The federal transit benefits program has boosted our ridership at a time when the regional economy has been stagnant. Currently, Federal participation in our workplace transit benefits program includes more than 22,000 employees in 87 Federal agencies. Participation in our comparable private sector transit benefits program has reached an all time high of 30,000 employees in 365 businesses in the Washington-Baltimore region. The Authority has entered into agreements with 45 commuter rail, vanpool, bus service and ridersharing organizations to offer "Metrocheck", a unified regional transit fare program for Federal and private sector employees.

If this important program is allowed to expire, thousands of federal employees that have shifted from automobiles to transit will begin driving alone once again. It may well take months or years to lure these new transit riders back to Metro. That will be difficult, of course, without the federal transit benefits program.

Similarly, we have set up agreements and contracts with 45 other transportation providers throughout the region and with 87 federal agencies. If this program expires it will be extraordinarily difficult to resurrect the many understandings and agreements made in order to provide coordinated transportation services throughout the region to so many federal agencies and employees.

Transit benefits programs are important to the region in many ways. In addition to discouraging commuting in single occupancy vehicles, they promote clean air, conserve energy, reduce congestion, and increase ridership and revenue for the Authority. This important source of revenue reduces the Authority's reliance on local operating subsidies and minimizes the need to raise fares to cover operating expenses. With the local governments in this region facing severe fiscal constraints, we are making every effort to raise revenues without having to increase fares or local subsidies.

We stand ready to work with you and staff in any way necessary in order to see the Federal workplace benefits program become permanent and to avoid any lapse following the current-law December 31, 1993 expiration date. As this region strives to reduce congestion and comply with stringent Clean Air Act requirements, we see this program as a "win - win" for all.

We greatly appreciate your leadership in encouraging public transportation use. Many thanks for your consideration of this request.

Sincerely,

David L. Gunn
General Manager

UNITED STATES DEPARTMENT OF COMMERCE
National Institute of Standards and Technology
325 Broadway
Boulder, Colorado 80303-3328

Reply to the attention of

September 13, 1993

Ms. Julie Segal
Subcommittee on Compensation and Employee Benefits
209 Cannon House Office Building
Washington, D.C. 20515

Dear Julie:

Enclosed is information about the Department of Commerce ECO Pass Program in Boulder. Shortly after we began this program in 1991, we received many inquiries from Federal employees all over the country about how to get a similar program started in their agency. I'm not sure how many programs actually got started, but our program has been very successful. The objective of the ECO Pass Program is to get more people to ride the bus, and the program tries to make it as convenient as possible. During the first year, the percentage of employees who rode the bus increased from 5.5% to 36.5%.

The enclosed information includes:

1) A four-page summary of the ECO Pass Program;

2) Two examples of unsolicited testimonials from employees about the program;

3) A Cross Service Agreement establishing the ECO Pass Program with the five DOC agencies in Boulder;

4) Summary information of commuter surveys taken in June 1991 (before the program started) and August 1992 (a year after the program started);

5) Two press releases to announce the contract between the Department of Commerce and the Regional Transportation District (RTD); one was prepared by RTD, and the other by DOC.

I hope this information is helpful. Please don't hesitate to call me at (303) 497-3017 if you have any questions or I can provide additional information.

Sincerely,

Paige L. Gilbert
Boulder Executive Officer

Enclosures

Prepared 3/93

The DOC Boulder Laboratories'

PARTICIPATION IN THE TRANSPORTATION SUBSIDY PROGRAM

Organizational Components Covered by the Plan

Six organizational components of the Department of Commerce's Boulder Laboratories in Boulder, Colorado are participating in the program:

- NOAA's Environmental Research Laboratories (ERL)
- NOAA's Field Installations Consolidation Projects Office (FICPO)
- NOAA's Mountain Administrative Support Center (MASC)
- NOAA's National Geophysical Data Center (NGDC)
- National Institute of Standards and Technology (NIST)
- NTIA's Institute for Telecommunication Sciences (ITS)

The Basics of the Plan

The government has contracted with the Denver Regional Transportation District (RTD) for bus passes, called "ECO Passes" (the "ECO" doubles for ECOnomical and ECOlogical), which permit employees to ride buses throughout the RTD system. The ECO Pass program is an innovative public transportation experiment in which an employer purchases passes for all employees, regardless of whether individual employees use the bus or not. RTD offers these passes at a fraction of the cost they would be if they were purchased individually.

The goal of the program is to increase ridership by making bus-riding as easy and convenient as possible. Therefore, there are virtually no limitations on the use of the pass; it may be used on all routes in the Denver metropolitan area (which includes most all of the commuting communities surrounding Boulder) at all times and as often as desired. The program also provides a "guaranteed ride home" feature, where in the case of a personal emergency, an ECO Pass holder may take a free taxi ride from their workplace to their home, child's school, hospital, etc.

In addition to the regional benefit of reducing air pollution, a significant motivation of the Boulder Labs for joining the ECO Pass program was centered around the construction of a new, 330,000-square-foot, NOAA building on the Broadway site. One of the contentious issues in the community's approval of the new building plans was the additional traffic that would be generated. Also, for economy and aesthetics, it is important to minimize the number of new automobile parking spaces required (e.g., the cost of constructing a single space is roughly $2,000).

Cost and Level of Participation

The passes, which are valid for a calendar year, cost the government either $25 or $60 per employee per year. The cost of an individual ECO Pass depends on the level of service that RTD provides to the employee's particular worksite.

The following table gives the number of passes purchased and the cost for each of the six participating organizations for 1993:

	Passes	Cost
ERL	350	$12,320
FICPO	4	240
MASC	202	11,315
NGDC	64	1,600
NIST	401	23,605
ITS	106	6,360
Total:	1,127	$55,440

The City of Boulder, which was the initial sparkplug behind the RTD program, has been very encouraging to all employers in Boulder to participate. As an incentive, the City recently gave Boulder participants in the ECO Pass program a 25% rebate on the first year's cost (to be paid/rebated over a three-year period). This rebate has reduced the Boulder Laboratories' 1992 and 1993 costs by $4,610 each year.

Eligibility

All employees (as defined under Section 2105, Title 5 of the US Code) of the Boulder Laboratories are eligible to be issued an ECO Pass. Members of the NOAA Corps are ineligible at this point, based on a decision by the DOC General Counsel's office. This is unfortunate because the Laboratories have NOAA Corps employees who would like to participate.

It should be pointed out that the recently-issued Departmental Notice Series "Incentives to Use Public Transportation" is in conflict with the General Counsel's decision and specifically permits NOAA Corps members to participate.

Administration and Control

The Boulder Laboratories' participation in the ECO Pass program was initiated, and is now directed, by the Joint Support Services Committee (JSSC)--a committee comprised of senior administrative officials from each of the local DOC organizations. The operational administration of the program is carried out by an ECO Pass Coordinator in each organization. The Coordinators issue the passes to their organization's respective employees and

perform the required recordkeeping functions. Attached is a cross-service agreement, a bulletin, and instructions for implementing and administrating the program.

In issuing a "pass," the Coordinator attaches a serial-numbered, plastic-foil, RTD ECO Pass sticker (about the size of a postage stamp) to the employee's DOC Official Field Credential (ID card). Records are kept of the: (1) date of issue; (2) employee's name; (3) official credential number; and (4) ECO Pass sticker number.

The use of the Official Credential serves two purposes. One, it provides photo identification (a mandatory requirement of the RTD, for the purpose of preventing the use of the pass by unauthorized persons). Two, it assures that the pass/sticker is being issued to a current, valid, government employee.

To further impede the unauthorized transfer of passes, the stickers are made of such a material that they are destroyed when someone tries to remove them and place them on another ID card.

Program Evaluation

Two commuter surveys were carried out prior to the decision to participate in the program. One was a written survey conducted in December 1990, and one was a random telephone survey of 200 employees completed in June 1991. The written survey indicated that 19% of the respondents currently rode the bus to work. That figure was likely inflated, because the telephone survey indicated that only 6% of the employees actually rode the bus. In both surveys, however, 58% of the respondents said they would ride the bus if given a free bus pass. That statistic was very influential in convincing the JSSC to participate in the program.

In August 1992, after the ECO Pass program had been in operation in the Boulder Laboratories for about a year, the JSSC conducted a follow-up, written, survey to assess the increase in bus commuting. Eighteen percent (≈200) of the survey recipients actually followed through and completed the survey.

The results showed that the number of Boulder Laboratories' employees that occasionally rode the bus to work had grown by a factor of six (i.e., from 6% to 35%). Furthermore, the number of weekly, one-way, bus trips had grown by a factor of 4.4--an estimated increase of over 100,000 one-way bus trips by Boulder Laboratories employees over the course of a year.

As a check on the cost-effectiveness of ECO Passes, the total out-of-pocket cost of the program borne by the Laboratories can be divided by the estimated annual increase in one-way trips. This arithmetic works out to 49.7 cents per trip--which is quite reasonable and a number that has encouraged the local agency Directors to continue the program.

Dates of the Program

The ECO Pass program officially started in the Boulder Laboratories on September 1, 1991. The program is expected to continue until one of three situations develop: (1) the RTD terminates the program or makes the conditions and costs too prohibitive; (2) the employees' utilization of the program becomes too low to justify the government's cost; or (3) the legislative authority for the federal government to participate in transportation subsidies expires (presently set at December 31, 1993).

To: Paige Gilbert
Cc:
Bcc:
From: Rhonda S. Carpenter@FLD@MASC
Subject: Bus Passes
Date: Monday, September 30, 1991 15:08:17 MDT
Attach:
Certify: N
Forwarded by:

Thanks for all your efforts in obtaining employee bus passes. I recently took two courses in Denver (four days), and rode the bus downtown. The bus passes saved the Department of Commerce at least $48 in mileage to those courses as well as parking fees. Plus it was more convenient for me and less stressful.

Example of employee comments

To: NancyW@FLD
Cc:
Bcc:
From: Roger Williams@STOR@MASC
Subject: Eco-Pass
Date: Friday, January 17, 1992 7:51:22 MST
Attach:
Certify: Y
Forwarded by:

♦I would just like to comment on the success of this program. I walk to work--about 12 minutes--but use the pass frequently to get around Boulder, or to events in Denver. No parking or traffic worries while my Jeep gets a rest for next summer's planned trip to Utah; it's great! I have a system map & a library of timetables which makes it easy to plan trips. Went to Eagle-Day open house at Rocky Mt. Arsenal last Sat. (A/B then 48); Denver Rail Heritage Soc./Platte-V. Trolley AGM at Baby Doe Mine on Sun. (A/B); & plan to take the N to Eldora on MLK Day next M. Congratulations on a successful program.

Example of employee comments

CROSS SERVICE AGREEMENT

DATE: August 26, 1991
SUBJECT: DOC/BOULDER ECO PASS PROGRAM

Public Law 101-509 provides that "Federal agencies may participate in any program established by a State or local government that encourages employees to use public transportation. Such programs may involve the sale of discounted transit passes or other incentives that reduce the cost to the employee of using public transportation." In order to support this public law and encourage DOC employees' use of public transportation to and from work, DOC/Boulder shall participate in the Regional Transportation District's (RTD's) ECO Pass (ECOlogical-ECOnomical) Program.

Only DOC employees may participate in the ECO Pass Program, due to language in the authorizing legislation. Excluded from the program are NOAA Corps employees, guest researchers, contractors, work-study students, CIRES employees, University of Colorado employees, research associates, and all other people working on site who are not classified as DOC employees.

Although the ECO Pass program provides employees with annual passes to ride free on all parts of RTD's regular route transportation system, DOC's participation is to encourage employees to ride the RTD system to and from work, and for work related business. The program also includes a "guaranteed ride home" feature, whereby if an emergency arises during the work day, or if employees have to work late and no buses are running, they can call a taxi and by displaying their ECO pass to the driver, the cost of the cab ride will be billed to the Denver Regional Council of Governments (DRCOG). DRCOG will conduct a post-review of the circumstances for each cab ride. Any abuses will result in the employee's ECO pass being revoked.

The ECO Pass will consist of an RTD sticker affixed to a valid DOC Employee Building Pass (CD-43a or CD-128a). ECO Passes cannot be transferred or used by anyone other than the employee to whom they are assigned.

Each agency will name an ECO Pass Coordinator to administer the agency's program and distribute ECO passes to employees. The Coordinator will be responsible for accounting for all RTD stickers paid by and distributed to the agency, including lost, damaged or voided stickers. Employees who leave the agency will turn in their DOC building passes to Nancy Woodward in the MASC Security Office, who will then return the RTD sticker portion to the Coordinator. Employees who lose their pass and want a replacement must write a memorandum to the Coordinator requesting a new pass. The Coordinator shall determine whether there are enough remaining passes to provide the employee with a replacement.

The first RTD stickers will be valid from September 1 through December 31, 1991. Thereafter the period of validity will be from January 1 through December 31 of the year in which it is issued.

The price of each ECO Pass will be determined by RTD, and will be paid by each agency based on the number of full-time permanent employees stationed in Boulder. The MASC Facilities Division will provide estimated personnel and cost data to each agency by October 31 of each year. The MASC Facilities Division will prepare a purchase requisition which designates the quantity and cost of Eco Passes for each agency, along with project numbers to charge each agency. The Budget Officers for each agency will approve their respective costs prior to sending the requisition to Purchasing. The MASC Director will approve the overall requisition.

Each agency will administer its own part of the program through its Eco Pass Coordinator, but everyone shall collect information in the same manner to facilitate compiling site-wide data. Attachment 1 is the ECO Pass Data Sheet which will be used by each agency to collect information.

Attachment 1

R.A. Kamper
Director, NIST

J.O. Fletcher
Director, NOAA/ERL

M.A. Chinnery
Director, NOAA/NGDC

H.M. Crown
Actg. Director, MASC

W.F. Utlaut
Director, NTIA/ITS

04-Sep-92

DOC Boulder Laboratories
Commuter Survey
August 1992

SURVEY INFORMATION:

	June 1991						August 1992					
	325 Broadway		3100 Marine		Total		325 Broadway		3100 Marine		Total	
Population	800		330		1,130		808		311		1,119	
Employees surveyed	142	17.8%	58	17.6%	200	17.7%	149	18.4%	56	18.0%	205	18.3%
Employees who rode bus today	6	4.2%	5	8.6%	11	5.5%	18	12.1%	8	14.3%	26	12.7%

CURRENT RTD USAGE:

	Number of Riders						Total Rides Per Week					
	325 Broadway		3100 Marine		Total		325 Broadway		3100 Marine		Total	
6/91 Survey	6		5		11	5.5%	58		50		108	
8/92 Survey	51		22		73	36.5%	320		153		473	
Difference	45		17		62	31.0%	262		103		365	

Contact: Claudene Walker, 299-2239
Date: 26 August 91
Release: Immediate

The new ECO Pass: ecological meets economical for a marriage made in transit heaven

Denver, Colorado -- The Regional Transportation District (RTD) in Denver kicked off what may well be its most successful ridership program yet, as a local division of the Department of Commerce became the first to sign a contract for RTD's new ECO Pass today in a ceremony in Boulder, Colorado.

RTD is the first transit agency in the country to offer a program like the ECO Pass to businesses. The earth-smart, money-wise pass is an unlimited-use photo I.D. that not only allows employees to use public transit, but guarantees them a taxi ride home -- free of charge -- should an emergency arise. It's a fail-safe alternative to driving that allows companies and employees alike to do their part to reduce traffic congestion and

-- more --

air pollution.

The ECO Pass program is designed so companies can offer their employees the ultimate transportation benefit for a very low price. The passes are purchased once a year by the company for each employee, and the price is based on how many employees may actually ride the bus. "For example, if a company is located in an area where ridership is 10% of the total work trips, it gets a 90% discount for all of its employees, less revenue growth, new service costs and administrative fees," said Jerry Eddy, Director of Customer Service and Scheduling for RTD.

The Boulder, Colorado laboratories of the Department of Commerce will pay RTD $50 for each of its 1,140 employees to have the ECO Pass starting September 1, 1991. Authority to enter into this type of agreement was granted last year when Congress passed legislation allowing the federal government to participate in state or local programs designed to encourage the use of public transportation by providing reduced cost incentives to employees.

ECO Pass is just one product in a complete line of transportation alternatives that RTD offers companies and individuals in the Denver metro area. For more information about ECO Pass or other ridership programs, call Matt Raymond at (303) 299-2122.

-- end --

Contact: Fred McGehan (NIST)
(303) 497-3246

Bill Brennan (NOAA)
(303) 497-6286

41-91

FOR IMMEDIATE RELEASE

DOC BOULDER LABS FIRST FEDERAL AGENCY TO TAKE PART IN BUS PASS PROGRAM

The Boulder, Colo., Laboratories of the Commerce Department today became the first Federal agency in the nation to participate in a large-scale program that pays for public transportation passes for its employees.

In an agreement signed with the Regional Transportation District, which provides bus service in the Boulder-Denver area, the Boulder Labs purchased 1,140 passes which will allow its employees to travel anywhere on the RTD system for one year. The passes cost the Department an average of $50 for each employee. The program will begin Sept. 1, 1991.

Authority to enter into this type of agreement was granted last year when Congress passed legislation allowing the federal government to participate in state or local programs designed to encourage the use of public transportation by providing reduced cost incentives to employees.

Congress authorized a three-year pilot program which will end Dec. 31, 1993. The cost of the Boulder program will be shared by the three Commerce agencies in Boulder--the National Institute of Standards and Technology, the National Oceanic and Atmospheric Administration, and the National Telecommunications and Information Administration.

The Commerce agencies, at 325 Broadway and 3100 Marine Street, have worked with the City of Boulder and RTD to inaugurate the program aimed at getting employees out of their cars and onto public transportation. The city began a "Mobility Pass" program for its employees and other Boulder employers a year ago.

The way for the Boulder Labs to participate was cleared in July when RTD's board of directors approved an ECO-Pass (ECOlogical-ECOnomical) program that offers a pass good on any bus in the RTD's six-county region.

-more-

An added feature of the program is that participants may use their bus passes to secure cab rides if there is a personal emergency during the day. The cab company will bill RTD for the service, which is administered by the Denver Regional Council of Governments (DRCOG).

###

8/26/91

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION VIII
999 18th STREET - SUITE 500
DENVER, COLORADO 80202-2466

Ref: 8 CB-PM

MEMORANDUM

SUBJECT: EPA Region 8 Public Transit Subsidy Program

FROM: Patrick J. Garvey
Acting Comptroller

TO: Julie Segal
Subcommittee on Compensation and Employee Benefits
House of Representative

Enclosed is information on our public transit subsidy program called ECOPASS. Region 8 has been a participant in the ECOPASS program coming up on two years. As you can see from the graphs, our employees view the program as an overwhelming success.

If you have further questions or need further assistance, please do not hesitate to call me on (303) 293-1472 or Steve Tuber, the Acting Assistant Regional Administrator, on (303) 293-1608.

Attachments

Printed on Recycled Paper

Summary Report on the EPA Region 8
Public Transit Subsidy
FY 92

The ECOPASS was issued to all 581 EPA employees.

The grade level of participation was:

Grades 2-6	79 participants
Grades 7-13	412 participants
Grades 14-SES	90 participants
Total	581 participants

Cost in FY 92 was $88,600 for the annual passes.

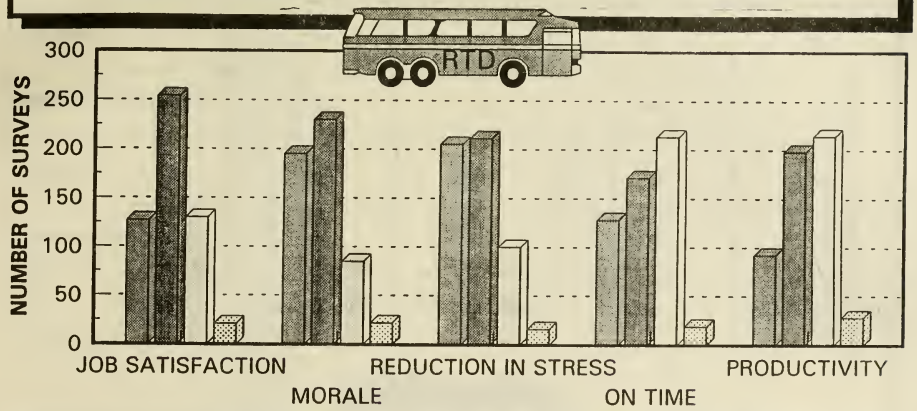
Prior to the ECOPASS program, ridership during a 2-week period was 4,054 trips.

After the ECOPASS program had been put into place, ridership increased to 7,354 for an increase of 81% in Regional ridership.

Enclosed is a graph showing various employee measures of the effects from the ECOPASS program. These results are from an employee survey, with 529 respondents.

ECO-PASS SURVEY RESULTS FOR 1992

IMPROVEMENTS NOTICED BY ECO-PASS USERS



533 RESPONDENTS

ECO-PASS SURVEY RESULTS FOR 1992

IMPROVEMENTS NOTICED BY ECO-PASS USERS

	GREAT DEGREE	SOME DEGREE	NO	NOT ANSWERED
JOB SATISFACTION	127	254	130	21
MORALE	195	230	85	22
REDUCTION IN STRESS	205	211	100	16
ON TIME	128	171	213	19
PRODUCTIVITY	92	198	214	28

533 RESPONDENTS

REINVENTING GOVERNMENT EMPLOYEE PARKING

A Focus on the Federal Government in the National Capital Area

by

William Edward Alli */
P.O. Box 12605
Arlington VA 22219
Tel: 703/516-1850

27 September 93

*/ The author is a Federal employee (U.S. Agency for International Development), a union member (American Federation of Government Employees), and a carpool member. The views expressed in this paper do not reflect the views of any of the aforementioned entities, or their members.

REINVENTING GOVERNMENT EMPLOYEE PARKING

A Focus on the Federal Government in the National Capital Area

INTRODUCTION

Government-subsidized parking is an expensive economic benefit that occasionally undergoes criticism and sometimes faces strong challenges from economists, other social scientists, and a variety of interests concerned with air pollution, traffic congestion, and other urban problems. The last big surge of interest in this subject was in 1979 and was quickly set aside. A new influence on the Federal scene is the "reinventing government" philosophy and the "total quality management" efforts. In this new context the recurring interest in Federal Government-subsidized parking can produce workable alternatives to the current system and redound to the benefit of larger numbers of people in the National Capital area. This paper briefly describes some options.

DISADVANTAGES OF THE CURRENT SYSTEM

Public Transportation is Spurned:

Where the Government allows parking at little or no cost to the employee, there is virtually no inducement to take public transit. The current Metro fares, and the inconvenience of making connections, will be endured only when the cost of driving (including the hassle of navigating traffic congestion) get much higher than what the majority of drivers now experience.

Carpool Promotion is Ineffective:

While some agencies attempt to promote carpooling, the administrative efforts are usually concentrated on the space application process. Once an individual has obtained the parking permit, there is little or no enforcement of the criterion that their be more than one person directly involved in use of the parking space. A driver has no incentive to report changes in the number of persons in a carpool, once the driver possesses the parking permit. Agencies lack incentives for trying to enforce carpooling criteria.

Employees Have not Been Involved in Price-Setting of Parking Spaces:

Employees have not been asked what they think is a fair price to be charged to persons parking on Federal agency property. By "employees," is meant all employees of an agency (public transit users, bicyclers, walkers, and others), since all are affected by the conditions of transportation affected by the parking policies of Federal agencies.

PRINCIPLES FOR ADMINISTERING THE BENEFITS

Sharing the Benefits More Broadly:

The subsidy's benefits should be shared with more Federal employees and the general community that is affected by the transportation system that is impacted by the Government's parking policies. The subsidy should not be taken away and the resources should not be transferred outside of the National Capital Area. Parking spaces should be administered to favor lowering the costs of more efficient means of transportation for employees and those whose commuting patterns impact on Federal workers.

Employees Should Set the Fees for Parking:

Employees should bid for parking spaces, thereby determining what they think the value of parking spaces is. No administrative costs should be permitted to enforce carpool criteria or determine fair prices. Employees should use their own judgement in making riding arrangements. They should not have to attest to meeting criteria or lose parking spaces when the number of carpool members changes. Federal agencies would support this market-oriented approach by merely publicizing the successful bids.

A PROPOSED PILOT PROJECT

A project can be undertaken to apply the above principles. The U.S. Department of State would be a good candidate. The 800 parking spaces in the Main State building could demonstrate a variety of solutions to encouraging more efficient transportation, and more efficient use of parking spaces on Federal property.

The agency would notify its employees (and other participating agencies) that sealed bids were being requested for the next parking cycle - say, six months. Any number of employees would be permitted to jointly fund a single bid. An employee could submit more than one bid, as long as a valid check was submitted. Each bid would be in the form of a single check, or money order, and would contain the name, address, and telephone number of the bidder. In the event that an employee had more that one bid within the highest 800 (or whatever the number of biddable parking spaces), only the highest dollar bid would be accepted and the lower (ones) would be rejected.

After all the bids had been opened, the parking spaces would be awarded, starting with the highest bids, and working downward until all 800 spaces had been awarded. If fewer than 800 bids were received, then the agency would calculate the average bid (mean) of all bids received and announce that as the charge for the remaining spaces. If the number of applicants for these remaining spaces should exceed the number of remaining spaces, they would be chosen by drawing.

After the awarding process was completed, the agency would broadly publicize bidders' names, the amount of each winning bid, and the zip code of the winners' residences. Employees would be free to make their own carpool arrangements.

If the agency wants to exempt some of the parking spaces from the bidding process, - say ten percent - then after the bidding process the agency would calculate the average bid (mean) and charge that to each employee receiving an exempted space.

The revenue from the parking employees would be put into two funds:

1. The agency's Metro farecard subsidy fund, and

2. The Metro Financing Fund, to be given to Metro and used only for lowering fares and making other public transit improvements.

An even split (50 percent to each) seems reasonable.

The Department of Transportation would be given the responsibility of evaluating the project, after at least 12 months of operations. Major modifications in the project would await the completion of the second six-month cycle, altho minor modifications could be made thruout the two cycles.

If the project is found to be useful, then other agencies could adopt it. Legislation should be considered to require adoption, or at least a good-faith attempt at applying the system.

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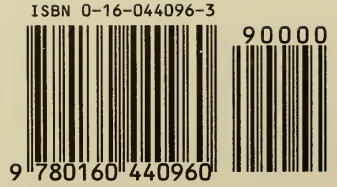
3 9999 05982 730 1

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